

BEDFORD TOWNSHIP

MICHIGAN

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name SEDFORD TOWNSHIP		County MONROE
Audit Date 6.30.4	Opinion Date 10.5.4	Date Accountant Report Submitted to State: 12.8.4		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

2. We are certified public accountants registered to practice in Michigan.

DEC - 9 2004

LOCAL AUDIT & FINANCE DIV.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) MC GUIRE & CAVAN CPAs			
Street Address 6588 SECOR ROAD	City LAMBERTVILLE	State MI	ZIP 48144
Accountant Signature Donovan McGuire CPA			

Bedford Township
Comprehensive Annual Financial Report
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Introductory Section



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R. LaMar Frederick
Supervisor
Robert A. Schockman
Clerk
Sherri S. Meyer
Treasurer
Medford Barr
Dennis Steinman
Joyce Hagen
Arnold Jennings
Trustees

October 5, 2004

***Honorable Members of the Bedford Township Board
and Citizens of Bedford Township:***

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Bedford Township for the fiscal year ended June 30, 2004.

This report consists of management's representations concerning the finances of Bedford Township. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Bedford Township has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Bedford Township's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Bedford Township's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Bedford Township's financial statements have been audited by McGuire & Cavan, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Bedford Township for the fiscal year ended June 30, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and, evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Bedford Township's financial statements for the fiscal year ended June 30, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Bedford Township's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Township was organized in 1836, is located in the southeastern part of the state and covers an area of approximately 39 square miles. The Township operates under an elected Board (7 members) and provides services to its more than 30,000 residents in many areas including police and fire protection, community enrichment and development and human services.

Bedford Township is empowered to levy a property tax on both real and personal properties located within its boundaries. Policy-making and legislative authority are vested in township board consisting of the supervisor, clerk, treasurer and four trustees. The township board is responsible, among other things, for passing ordinances, adopting the budget, and appointing committees. The township's full time officials (supervisor, clerk, treasurer) are responsible for carrying out the policies and ordinances of the township board, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. All board members are elected at-large and serve a four year term.

Bedford Township also is financially accountable for a legally separate economic development corporation and a legally separate downtown development authority, both of which are reported separately within Bedford Township's financial statements. Additional information on these legally separate entities can be found in note 1 in the notes to the financial statements.

The annual budget serves as the foundation for the Bedford Township's financial planning and control. All agencies of Bedford Township are required to submit requests for appropriation to the Township supervisor. The government's supervisor uses these requests as the starting point for developing a proposed budget. The government's supervisor then presents this proposed budget to the board for review. The board is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of Bedford Township's fiscal year. The appropriated budget is prepared by fund and department (e.g. planning). The supervisor may make transfers of appropriations within departments. Transfers between departments, however, require the special approval of the governing body. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 38 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the supplementary information subsection of this report, which starts on page 41.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Bedford Township operates.

Local economy. Bedford Township currently enjoys a favorable economic environment and local indicators point to continued stability. The region has a varied manufacturing and industrial base that adds to the relative stability of the unemployment rate.

Bedford Township has an employed labor force of approximately 13,400, which has been consistent for several years.

Long-term financial planning. The township board is exploring the costs associated with expanding the capacity of the township's waste water treatment plant. At its current location, preliminary engineering studies indicate that additional capacity can be installed on site to meet future demands for sanitary services in portions of the township not yet served. The next step is to determine the cost of the expansion and if the expansion would be cost effective. Further, an analysis would be required to determine the increase, if any, of the sanitary sewer rates for the expansion.

The township board will also be faced with serious issues in managing general fund spending. If the financial condition of the state does not improve in the next five years, the delivery of the current level of high quality services will be difficult. State shared revenues delivered to the township have been substantially reduced recently and continued use of the general fund reserve to balance the budget containing the current level and quality of services cannot continue indefinitely. In the near term, the township board will determine which services, if any, currently provided, will be reduced or eliminated. Further, the board will have to determine if fees will be increased for users of services and/or it will be necessary to implement a reduction in staff to balance the general fund budget. In the long term, one or more of the alternatives may be implemented. Capital improvements will be carefully reviewed and considered as funding for such improvements will also be limited.

Cash management policies and practices. Cash temporarily idle during the year was invested in certificates of deposit. The maturities of the investments average 12 months. The average yield on investments was 1.52 percent for the government.

Risk management. The Township purchases commercial insurance for all risks of loss. Additional information on the Bedford Township's risk management activity can be found in Note 11 of the notes to the financial statements.

Pension and other post employment benefits. Bedford Township sponsors a single-employer defined contribution pension plan for its employees. Bedford Township fully funds each year's annual required contribution to the pension plan.

Bedford Township also provides post-employment health and dental care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 3 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP does not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits. Additional information on the Bedford Township's pension arrangements and post employment benefits can be found in Note 12 of the notes to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Bedford Township for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2003. This was the twelfth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the township board for their unfailing support for maintaining the highest standards of professionalism in the management of Bedford Township's finances.

Respectfully submitted,



Supervisor
R. LaMar Frederick



Finance Director
Andrew Gurecky

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Bedford Township,
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

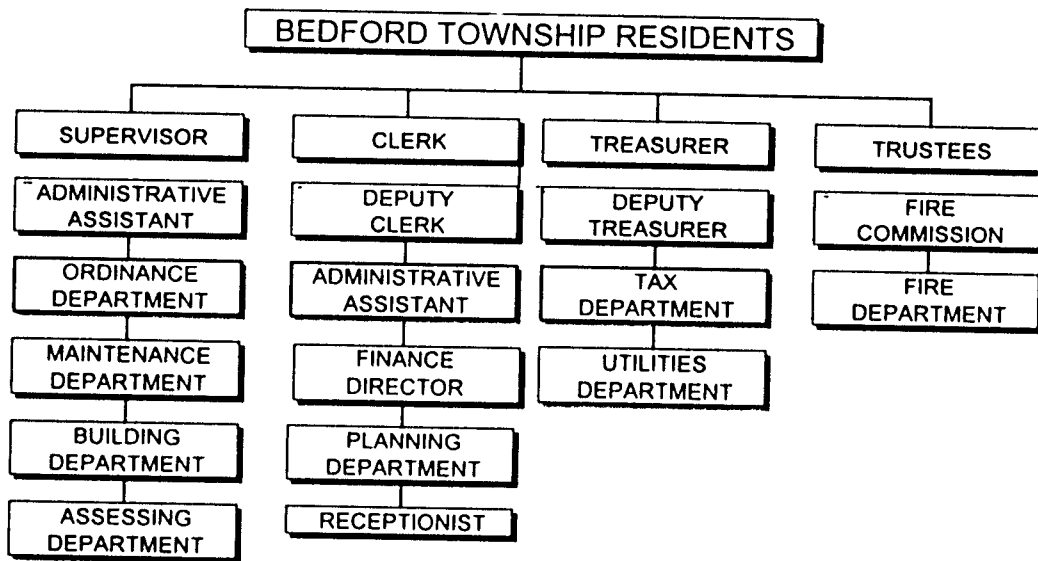


President

Executive Director

BEDFORD TOWNSHIP

ORGANIZATION CHART



BEDFORD TOWNSHIP

**LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2004**

ELECTED OFFICIALS

R. LaMar Frederick	Supervisor
Robert Schockman	Clerk
Sherri S. Meyer	Treasurer
Medford L. Barr	Trustee
Joyce Hagen	Trustee
Arnold Jennings	Trustee
Dennis Steinman	Trustee

APPOINTED OFFICIALS

Andrew Gurecky	Finance Director
Dennis Kolar	Building Inspector
Barbara Blake	Assessing Department
Dennis Jenkins	Planning and Zoning Director
John Bofia	Fire Chief

Financial Section



McGuire & Cavan
Certified Public Accountants

L. Donavon McGuire, CPA
734-652-4040
Maureen A. Cavan, CPA
248-390-5320

INDEPENDENT AUDITOR'S REPORT

6588 Secor Road
Lambertville, MI 48144
Tel 734-854-5044
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Township Board
Bedford Township
Temperance, MI 48182

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Township of Bedford, Michigan as of and for the year ended June 30, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit fund information of Bedford Township, Michigan as of June 30, 2004, and the respective changes in financial position, and cash flows where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 8 through 14 and 38 through 40 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion in it.

Our audit was conducted for the purpose of forming an opinions on the financial statements that collectively comprise the Township of Bedford's basic financial statements. The supplementary combining nonmajor fund financial statements and budgetary comparisons are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary combining nonmajor fund financial statements and budgetary comparisons have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGuire & Cavan

McGuire & Cavan
Certified Public Accountants

October 5, 2004

As management of the Bedford Township, we offer readers of the Bedford Township's financial statements this narrative overview and analysis of the financial activities of the Bedford Township for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-3 of this report.

Financial Highlights

The assets of Bedford Township exceeded its liabilities at the close of the most recent fiscal year by \$40,388,894 (*net assets*). Of this amount, \$10,637,838 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets increased by \$359,638. This increase is attributable to a reduction of expenses from the prior year.

As of the close of the current fiscal year, Bedford Township's governmental funds reported combined ending fund balances of \$9,016,693, an increase of \$2,374,739 in comparison with the prior year. Approximately 66 percent of this total amount, \$5,954,332, is available for spending at the government's discretion (*unreserved fund balance*).

At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,957,575, or 70 percent of total general fund expenditures.

Bedford Township's total debt increased by \$2,920,000 (40 percent) during the current fiscal year. The key factor in this increase was the issuance of \$4,000,000 in bonds for Library construction.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Bedford Township's basic financial statements. Bedford Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements The government-wide financial statements are designed to provide readers with a broad overview of the Bedford Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Bedford Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator whether the financial position of the Bedford Township is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave)

Both of the government-wide financial statements distinguish functions of the Bedford Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Bedford Township include general government, public safety, highways and streets, economic development, and community enrichment and recreation. The business type activities of Bedford Township include water and sewer activities.

The government-wide financial statements include not only Bedford Township itself (known as the primary government), but also a legally separate downtown development authority and a legally separate economic development authority for which Bedford Township is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Management's Discussion and Analysis

The government-wide financial statements can be found on pages 15-16 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Bedford Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Bedford Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Bedford Township maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, fire and library funds, which are considered to be major funds. Data from the thirteen other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Bedford Township adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-18 of this report.

Proprietary funds. Bedford Township maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Bedford Township uses enterprise funds to account for its Water and Sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer operations, both of which are considered to be major funds of Bedford Township.

The basic proprietary fund financial statements can be found on pages 19-21 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Bedford Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 22-23 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-37 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which is found on pages 38-40 of this report.

The combining statements and schedules referred to earlier in connection with nonmajor governmental funds can be found on pages 41-52 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Bedford Township, assets exceeded liabilities by \$40,388,894 at the close of the most recent fiscal year.

By far the largest portion of the Bedford Township's net assets (53 percent) reflects its investment in capital assets (e.g., land, building, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. Bedford Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Bedford Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Bedford Township's Net Assets

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
Current and other assets	\$ 9,699,007	\$ 7,234,695	\$ 11,913,190	\$ 13,916,688	\$ 21,612,197	\$ 21,151,383
Capital assets	7,180,716	5,233,419	22,647,494	21,656,133	29,828,210	26,889,552
Total assets	16,879,723	12,468,114	34,560,684	35,572,821	51,440,407	48,040,935
Long-term liabilities						
outstanding	4,975,000	1,925,000	4,195,000	4,715,000	9,170,000	6,640,000
Other liabilities	1,179,909	614,996	701,604	756,683	1,881,513	1,371,679
Total liabilities	6,154,909	2,539,996	4,896,604	5,471,683	11,051,513	8,011,679
Net assets:						
Invested in capital assets,						
net of related debt	3,475,716	5,233,419	17,932,494	16,431,133	21,408,210	21,664,552
Restricted	3,062,371	3,776,648	5,550,475	8,432,877	8,612,846	12,209,525
Unrestricted	4,186,727	918,052	6,181,111	5,237,127	10,367,838	6,155,179
Total net assets	\$ 10,724,814	\$ 9,928,119	\$ 29,664,080	\$ 30,101,137	\$ 40,388,894	\$ 40,029,256

An additional portion of Bedford Township's net assets (21percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$10,637,838) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Bedford Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was a decrease of \$2,882,402 in restricted net assets reported in connection with the Bedford Township's business-type activities. This decrease resulted from the expenditure of bond proceeds that were restricted for construction.

The government's net assets increased by \$359,638 during the current fiscal year. This is mainly attributable to a decrease in expenses from the prior year.

Management's Discussion and Analysis

Governmental activities. Governmental activities increased Bedford Township's net assets by \$796,695, thereby accounting for all of the total growth in the net assets of Bedford Township. Key elements of this increase are as follows:

Bedford Township's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues:						
Program revenues:						
Charges for services	\$ 529,259	\$ 432,117	\$ 2,197,329	\$ 1,992,788	\$ 2,726,588	\$ 2,424,905
Operating grants and contributions	-	25,000	-	-	-	25,000
Capital grants and contributions	253,281	249,801	-	-	253,281	249,801
General revenues:						
Property taxes	2,518,216	2,364,033	-	-	2,518,216	2,364,033
State shared revenues	2,073,495	2,353,094	-	-	2,073,495	2,353,094
Franchise fees and permits	165,400	171,107	-	-	165,400	171,107
Interest and other	263,583	358,491	159,671	204,088	423,254	562,579
Total revenues	5,803,234	5,953,643	2,357,000	2,196,876	8,160,234	8,150,519
Expenses:						
General government	2,065,752	2,032,115	-	-	2,065,752	2,032,115
Public safety	1,917,249	1,546,336	-	-	1,917,249	1,546,336
Public works	463,041	1,066,662	-	-	463,041	1,066,662
Culture and recreation	356,753	715,803	-	-	356,753	715,803
Interest on long-term debt	190,344	97,289	-	-	190,344	97,289
Sewer	-	-	2,520,813	2,380,455	2,520,813	2,380,455
Water	-	-	273,244	315,075	273,244	315,075
Total expenses	4,993,139	5,458,205	2,794,057	2,695,530	7,787,196	8,153,735
Increase in net assets before transfers	810,095	495,438	(437,057)	(498,654)	373,038	(3,216)
Transfers	(13,400)	(14,000)	-	-	(13,400)	(14,000)
Increase in net assets	796,695	481,438	(437,057)	(498,654)	359,638	(17,216)
Net assets - beginning	9,928,119	9,446,681	30,101,137	30,599,791	40,029,256	40,046,472
Net assets - ending	\$ 10,724,814	\$ 9,928,119	\$ 29,664,080	\$ 30,101,137	\$ 40,388,894	\$ 40,029,256

Property taxes increased by \$154,183 (6 percent) during the year. Most of this increase is the product of an increase in taxable value of property and new construction.

State shared revenues decreased 12 percent due to budget constraints of the State of Michigan.

Expenses were reduced overall from the prior year, both Public Works and Culture and Recreation were decreased, with an offsetting increase on Public Safety.

Business-type activities. Business-type activities decreased the Bedford Township's net assets by \$437,057. Key elements of this increase are as follows.

* Charges for services for business-type activities increased by 10.3 percent. The Sewer system accounts for all of this increase, which resulted from the approval of a rate increase designed primarily to provide additional resources to meet debt requirements. Revenues also increased as result of a modest increase in demand in the Sewer system.

*Expenses increased overall by \$98,527, however expenses continue to exceed revenues.

Financial Analysis of the Government's Funds

As noted earlier Bedford Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Bedford Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Bedford Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Bedford Township's governmental funds reported combined ending fund balances of \$9,016,693, an increase of \$2,374,739 in comparison with the prior year. Approximately 66 percent of this total amount constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to road construction and capital improvements, 2) to pay debt service, 3) to acquire land.

The general fund is the chief operating fund of the Bedford Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,957,575, while total fund balance reached \$3,369,395. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance total fund expenditures. Unreserved fund balance represents 70 percent of total general fund expenditures, while total fund balance represents 120 percent of that same amount.

The fund balance of Bedford Township's general fund increased by \$129,911 during the current fiscal year. Key growth factors are as follows:

*An increase in property taxes of \$69,137

* Intergovernmental revenues of the general fund decreased significantly by \$233,434, as a result of an decrease in state shared revenues.

*Expenditures decreased by \$384,836.

The fire fund has a total fund balance of \$1,392,852, all of which \$1,000,000 is reserved for capital improvements.

The library fund has a total fund balance of \$2,526,108. The net increase for the year was \$2,150,682 resulting from a bond issue. Construction will continue in the ensuing year.

Management's Discussion and Analysis

Proprietary funds. Bedford Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer systems at the end of the year amounted to \$6,181,181. The total decrease in net assets for both funds was \$437,057. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Bedford Township's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor (\$152,200 increase in appropriations) and can be briefly summarized as follows:

- \$135,200 in miscellaneous increases in general government activities
- \$29,000 in increases allocated to public safety
- \$12,000 in decreases allocated to public works

This increase was to be budgeted from available fund balance. During the year, however, budgetary expenditures were less than budgetary estimates, thus eliminating the need to draw on existing fund balance.

Capital Asset and Debt Administration

Capital assets. Bedford Township's investment in capital assets for its governmental and business type activities as of June 30, 2004, amounts to \$29,828,210 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment and park facilities. The total increase in Bedford Township's investment in capital assets for the current fiscal year was 11 percent (a 37 percent increase for governmental activities and a 5 percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Construction continued on the library building; construction in progress as of the close of the fiscal year had reached \$2,345,793.
- Various system additions and improvements were completed in the Water system at a cost of \$1,651,600.

Bedford Township's Capital Assets (net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Land	\$ 190,250	\$ 190,250	\$ 40,000	\$ 40,000	\$ 230,250	\$ 230,250
Buildings and system Improvements other than buildings	2,503,111	2,612,933	22,256,515	20,877,857	24,759,626	23,490,790
Machinery and equipment	343,574	403,974	-	-	343,574	403,974
Construction in progress	1,797,988	1,748,523	78,684	171,135	1,876,672	1,919,658
Total	2,345,793	273,459	272,295	635,146	2,618,088	908,605
	<u>\$ 7,180,716</u>	<u>\$ 5,229,139</u>	<u>\$ 22,647,494</u>	<u>\$ 21,724,138</u>	<u>\$ 29,828,210</u>	<u>\$ 26,953,277</u>

Additional information on Bedford Township's capital assets can be found in note 6 on pages 33-34 of this report.

Long-term debt. At the end of the current fiscal year, the Bedford Township had total bonded debt outstanding of \$10,345,000. Of this amount, \$6,640,000 comprises county contracts and \$3,705,000 is limited tax general obligation debt.

**Bedford Township's Outstanding Debt
County Contracts and Limited Tax General Obligation**

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
County Contractual Obligations	\$ 1,925,000	\$ 2,200,000	\$ 4,715,000	\$ 5,225,000	\$ 6,640,000	\$ 7,425,000
Limited Tax General Obligation						
Bonds	<u>3,705,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,705,000</u>	<u>-</u>
Total	<u>\$ 5,630,000</u>	<u>\$ 2,200,000</u>	<u>\$ 4,715,000</u>	<u>\$ 5,225,000</u>	<u>\$ 10,345,000</u>	<u>\$ 7,425,000</u>

Bedford Township's total debt increased by \$2,920,000 (40 percent) during the current fiscal year. The key factor in this increase was a \$4,000,000 bond issuance for library construction.

Bedford Township and its Sewer systems both maintain a "A+" rating from Standard & Poor's and Fitch and a "Aa" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total assessed valuation. The current debt limitation for the Bedford Township is \$50,995,329, which is significantly in excess of Bedford Township's outstanding general obligation debt.

Additional information on the Bedford Township's long-term debt can be found in note 9 on page 35 of this report.

Economic Factors and Next Year's Budgets and Rates .

The unemployment rate for Bedford Township is currently 5.5 percent, which is a decrease from a rate of 5.9 percent a year ago. This compares favorably to the state's average unemployment rate of 6.7 percent and the national average rate of 5.6.

Residential growth is expected to continue at a steady rate.

These factors were considered in preparing Bedford Township's budget for the 2005 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$1,959,575. Bedford Township has appropriated \$471,161 of this amount for spending in the 2005 fiscal year budget. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during the 2005 fiscal year. The Sewer rates were increased for the 2005 budget year. The sewer rates were increased by an average of 6 percent for all customers.

Requests for Information

This financial report is designed to provide a general overview of the Bedford Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 8100 Jackman Road, PO Box H, Temperance, MI 48182.

BEDFORD TOWNSHIP
GOVERNMENT WIDE STATEMENT OF NET ASSETS
JUNE 30, 2004

	<i>Primary Government</i>			<i>Component Units</i>
	<i>Governmental Activities</i>	<i>Business - Type Activities</i>	<i>Total</i>	
Assets				
Cash and Cash Equivalents	\$ 8,260,985	\$ 5,315,589	\$ 13,576,574	\$ 324,609
Receivables (Net of Allowance for Uncollectibles):				
Accounts	42,844	769,040	811,884	-
Assessments	106,136	1,178,333	1,284,469	341,044
Tap-Ins	-	4,673	4,673	-
Loans	121,068	-	121,068	-
Grants	24,892	-	24,892	-
Prepaid Expenses	111,169	2,185	113,354	644
Due From State of Michigan	350,752	-	350,752	-
Internal Balances	27,337	(23,208)	4,129	-
Restricted Cash With Fiscal Agent	653,824	4,666,578	5,320,402	-
Capital Assets:				
Land	190,250	40,000	230,250	-
Buildings and System	4,078,029	36,618,347	40,696,376	-
Improvements Other than Buildings	614,315	-	614,315	5,200
Machinery and Equipment	4,622,553	458,936	5,081,489	-
Infrastructure	-	-	-	32,672
Construction in Progress	2,345,793	272,295	2,618,088	-
Less Accumulated Depreciation	(4,670,224)	(14,742,084)	(19,412,308)	(3,280)
Total Assets	16,879,723	34,560,684	51,440,407	700,889
Liabilities				
Accounts Payable	375,218	123,076	498,294	309
Inspection Fees Payable	-	27,816	27,816	-
Accrued Wages	29,102	1,185	30,287	-
Accrued Vacation and Sick Pay	84,219	4,357	88,576	-
Accrued Payroll Taxes	4,475	245	4,720	-
Accrued Interest Payable	31,895	21,108	53,003	7,400
Due to County	-	3,817	3,817	-
Noncurrent Liabilities:				
Due Within One Year	655,000	520,000	1,175,000	102,083
Due in More Than One Year	4,975,000	4,195,000	9,170,000	857,501
Total Liabilities	6,154,909	4,896,604	11,051,513	967,293
Net Assets				
Invested in Capital Assets Net of Related Debt	3,475,716	17,932,494	21,408,210	34,592
Restricted for:				
Land Acquisition	99,764	-	99,764	-
Road Construction	350,000	-	350,000	-
Building Improvements	2,000,000	-	2,000,000	-
System Replacement	-	4,297,238	4,297,238	-
Debt Service	550,787	1,253,237	1,804,024	-
Other	61,820	-	61,820	-
Unrestricted	4,186,727	6,181,111	10,367,838	(300,996)
Total Net Assets	\$ 10,724,814	\$ 29,664,080	\$ 40,388,894	\$ (266,404)

See Accompanying Notes to the Financial Statements.

BEDFORD TOWNSHIP
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

Functions/Programs Primary Government	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Primary Government Business-Type Activities	
			Capital Grants and Contributions			Total	Component Units
Governmental Activities:							
General Government	\$ 2,065,752	\$ 40,533	\$ -	\$ -	\$ (2,025,219)	\$ -	\$ (2,025,219)
Public Safety	1,917,249	488,726	-	-	(1,428,523)	-	(1,428,523)
Public Works	463,041	-	-	253,281	(209,760)	-	(209,760)
Culture and Recreation	356,753	-	-	-	(356,753)	-	(356,753)
Interest on Long-Term Debt	190,344	-	-	-	(190,344)	-	(190,344)
Total Governmental Activities	4,993,139	529,259	-	253,281	(4,210,599)	-	(4,210,599)
Business-Type Activities:							
Sewer	2,520,813	2,108,827	-	-	(411,986)	(411,986)	-
Water	273,244	88,502	-	-	(184,742)	(184,742)	-
Total Business-type Activities	2,794,057	2,197,329	-	-	(596,728)	(596,728)	-
Component Units	65,357	-	-	-	-	-	65,357
Total Primary Government	\$ 7,852,553	\$ 2,726,588	\$ -	\$ 253,281	(4,210,599)	(596,728)	(4,807,327)
General Revenues:							
Property Taxes					2,518,216	-	2,518,216
State Shared Revenues					2,073,495	-	2,073,495
Franchise Fees and Permits					165,400	-	165,400
Unrestricted Investment Earnings					102,594	159,671	262,265
Miscellaneous					160,989	-	160,989
Transfers					(13,400)	-	(13,400)
Total General Revenues and Transfers					5,007,294	159,671	5,166,965
Change in Net Assets					796,695	(437,057)	359,638
Net Assets - Beginning					9,928,119	30,101,137	40,029,256
Net Assets - Ending					\$ 10,724,814	\$ 29,664,080	\$ 40,388,894

BEDFORD TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

	<u>General</u>	<u>Fire</u>	<u>Library</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and Cash Equivalents	\$ 2,991,815	\$ 1,390,851	\$ 2,775,595	\$ 1,102,724	\$ 8,260,985
Accounts Receivable	42,508	-	-	336	42,844
Prepaid Costs	77,629	16,123	6,084	11,333	111,169
Loans Receivable	-	-	-	121,068	121,068
Grants Receivable	-	-	-	24,892	24,892
Assessments Receivable	-	-	-	106,136	106,136
Due From Other Funds	48,449	-	-	8,145	54,594
Due From State of Michigan	350,752	-	-	-	350,752
Restricted Cash	-	-	-	653,824	653,824
Total Assets	\$ 3,511,153	\$ 1,406,974	\$ 2,781,679	\$ 2,026,458	\$ 9,726,264
Liabilities					
Accounts Payable	\$ 90,393	\$ 12,320	\$ 255,356	\$ 17,149	\$ 375,218
Accrued Wages	18,031	1,674	215	9,182	29,102
Accrued Payroll Taxes	3,285	128	-	1,062	4,475
Due to Other Funds	20	-	-	27,237	27,257
Deferred Revenue	30,029	-	-	243,490	273,519
Total Liabilities	141,758	14,122	255,571	298,120	709,571
Fund Balances					
Fund Balances:					
Reserved for:					
Road Construction	350,000	-	-	-	350,000
Capital Improvements	1,000,000	1,000,000	-	-	2,000,000
Debt	-	-	-	550,787	550,787
Land Acquisition	-	-	-	99,764	99,764
Other	61,820	-	-	-	61,820
Unreserved, Reported in:					
General Fund	1,957,575	-	-	-	1,957,575
Special Revenue Funds	-	392,852	2,526,108	1,077,787	3,996,747
Total Fund Balances	3,369,395	1,392,852	2,526,108	1,728,338	9,016,693
Total Liabilities and Fund Balances	\$ 3,511,153	\$ 1,406,974	\$ 2,781,679	\$ 2,026,458	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	7,180,716
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	273,519
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(5,746,114)

Net Assets of Governmental Activities **\$ 10,724,814**

See Accompanying Notes to the Financial Statements.

BEDFORD TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	General	Fire	Library	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 719,227	\$ 762,072	\$ 609,468	\$ 427,449	\$ 2,518,216
Licenses and Permits	179,564	-	-	474,562	654,126
Intergovernmental:					
State Grants	2,072,148	-	-	1,347	2,073,495
Charges for Services	40,533	-	-	-	40,533
Assessments	-	109,717	-	141,289	251,006
Fines and Forfeits	15,932	-	-	-	15,932
Interest	29,079	12,466	21,495	39,554	102,594
Other Revenues	90,248	962	-	77,519	168,729
Total Revenues	3,146,731	885,217	630,963	1,161,720	5,824,631
Expenditures:					
Current:					
General Government	1,801,000	-	-	106,901	1,907,901
Public Safety	625,419	646,177	-	392,796	1,664,392
Public Works	224,965	-	-	238,076	463,041
Recreational and Cultural	-	-	112,610	144,813	257,423
Other	-	-	-	-	-
Capital Outlay	-	-	2,072,335	290,485	2,362,820
Debt Service:					
Principal	100,000	-	295,000	207,066	602,066
Interest and Fiscal Charges	37,036	-	75,336	66,477	178,849
Total Expenditures	2,788,420	646,177	2,555,281	1,446,614	7,436,492
Excess of Revenue Over (Under) Expenditures	358,311	239,040	(1,924,318)	(284,894)	(1,611,861)
Other Financing Sources (Uses):					
Bond Proceeds	-	-	4,000,000	-	4,000,000
Operating Transfers In	-	-	75,000	140,000	215,000
Operating Transfers Out	(215,000)	-	-	-	(215,000)
Operating Transfers from Primary Government	-	-	-	-	-
Operating Transfers to Component Unit	(13,400)	-	-	-	(13,400)
Total Other Financing Sources (Uses)	(228,400)	-	4,075,000	140,000	3,986,600
Excess of Revenue & Other Financing Sources Over Expenditures & Other Financing Uses	129,911	239,040	2,150,682	(144,894)	2,374,739
Fund Balance - Beginning	3,239,484	1,153,812	375,426	1,873,232	
Fund Balance - Ending	<u>\$ 3,369,395</u>	<u>\$ 1,392,852</u>	<u>\$ 2,526,108</u>	<u>\$ 1,728,338</u>	

Amounts reported for governmental activities in the statement of activities are different because:

-Governmental funds report capital outlays as expenditures; in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

1,948,632

-Special assessment and similar revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

(33,028)

-Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)

602,066

-Bond proceeds are not reported as financing sources in the statement of activities

(4,000,000)

-Increases in accumulated employee vacation pay and similar expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(95,714)

Change in Net Assets of Governmental Activities

\$ 796,695

See Accompanying Notes to the Financial Statements.

BEDFORD TOWNSHIP
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2004

	Business-type Activities - Enterprise Funds				
	Sewer Fund Current Year	Sewer Fund Prior Year	South County Water Current Year	South County Water Prior Year	Totals
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 3,538,913	\$ 3,817,922	\$ 1,776,676	\$ 3,385,862	\$ 5,315,589
Accounts Receivable	767,568	676,009	1,472	-	769,040
Tap-Ins Receivable	-	-	4,673	5,464	4,673
Assessments Receivable - Current Portion	-	-	180,000	180,000	180,000
Prepaid Expense	2,185	3,202	-	-	2,185
Total Current Assets	4,308,666	4,497,133	1,962,821	3,571,326	6,271,487
Noncurrent Assets					
Cash With Fiscal Agent	4,666,578	4,485,974	-	-	4,666,578
Long-Term Portion of Assessments Receivable	-	-	998,333	1,381,896	998,333
Capital Assets					
Land	40,000	40,000	-	-	40,000
Buildings and System	34,042,275	33,939,698	2,576,072	561,621	36,618,347
Machinery and Equipment	458,936	464,011	-	-	458,936
Construction in Progress	-	-	272,295	635,146	272,295
Less Accumulated Depreciation	(14,607,527)	(13,907,311)	(134,557)	(77,032)	(14,742,084)
Total Assets	28,908,928	29,519,505	5,674,964	6,072,957	34,583,892
Liabilities					
Current Liabilities:					
Accounts Payable	91,100	64,741	31,976	153,602	123,076
Inspection Fees Payable	-	-	27,816	19,544	27,816
Accrued Wages	1,185	695	-	-	1,185
Compensated Absences	4,357	4,694	-	-	4,357
Accrued Payroll Taxes	245	144	-	-	245
Accrued Interest Payable	16,175	-	4,933	-	21,108
Due to Other Funds	23,208	19,641	-	-	23,208
Due to County	3,817	3,263	-	-	3,817
Current Portion of Noncurrent Liabilities	335,000	325,000	185,000	185,000	520,000
Total Current Liabilities	475,087	418,178	249,725	358,146	724,812
Noncurrent Liabilities					
Bonds Payable	2,900,000	3,235,000	1,295,000	1,480,000	4,195,000
Total Liabilities	3,375,087	3,653,178	1,544,725	1,838,146	4,919,812
Net Assets:					
Invested in Capital Assets, Net of Related Debt	16,698,684	16,976,398	1,233,810	(545,265)	17,932,494
Restricted For Replacement	3,627,040	6,392,249	670,198	729,363	4,297,238
Restricted For Debt Retirement	1,253,237	1,311,265	-	-	1,253,237
Unrestricted	3,954,880	1,186,414	2,226,231	4,050,713	6,181,111
Total Net Assets	\$ 25,533,841	\$ 25,866,326	\$ 4,130,239	\$ 4,234,811	\$ 29,664,080

See Accompanying Notes to the Financial Statements.

BEDFORD TOWNSHIP
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	<i>Business-type Activities - Enterprise Funds</i>				
	<i>Sewer Fund</i>	<i>Sewer Fund</i>	<i>South County Water</i>	<i>South County Water</i>	
	<i>Current Year</i>	<i>Prior Year</i>	<i>Current Year</i>	<i>Prior Year</i>	<i>Totals</i>
Operating Revenue:					
Use Charges	\$ 1,991,244	\$ 1,847,454	\$ -	\$ -	\$ 1,991,244
Tap-In Fees	99,613	77,831	88,460	52,536	188,073
Penalties	17,970	14,890	42	77	18,012
Total Operating Revenue	<u>2,108,827</u>	<u>1,940,175</u>	<u>88,502</u>	<u>52,613</u>	<u>2,197,329</u>
Operating Expenses:					
Contracted Operations and Maintenance	1,589,384	1,423,533	-	-	1,589,384
Depreciation	700,216	714,215	57,525	16,157	757,741
Office Salaries	56,277	55,039	-	-	56,277
Office Supplies	12,950	12,979	-	-	12,950
Professional Fees	8,986	21,915	20,038	10,921	29,024
Employees' Fringe Benefits	23,097	21,289	-	-	23,097
Administrative Expense	20,082	19,413	-	-	20,082
Maintenance	14,360	26,574	-	-	14,360
Other	11,936	11,048	146,932	255,174	158,868
Total Operating Expenses	<u>2,437,288</u>	<u>2,306,005</u>	<u>224,495</u>	<u>282,252</u>	<u>2,661,783</u>
Operating Income	<u>(328,461)</u>	<u>(365,830)</u>	<u>(135,993)</u>	<u>(229,639)</u>	<u>(464,454)</u>
Non-Operating Revenue:					
Interest Revenue	79,501	139,554	80,170	64,534	159,671
Non-Operating Expenses:					
Interest Expense	<u>(83,525)</u>	<u>(74,450)</u>	<u>(48,749)</u>	<u>(32,823)</u>	<u>(132,274)</u>
Net Income	<u>(332,485)</u>	<u>(300,726)</u>	<u>(104,572)</u>	<u>(197,928)</u>	<u>(437,057)</u>
Total Net Assets - Beginning	<u>25,866,326</u>	<u>25,896,708</u>	<u>4,234,811</u>	<u>4,432,739</u>	<u>30,101,137</u>
Total Net Assets - Ending	<u>\$ 25,533,841</u>	<u>\$ 25,866,326</u>	<u>\$ 4,130,239</u>	<u>\$ 4,234,811</u>	<u>\$ 29,664,080</u>

See Accompanying Notes to the Financial Statements.

BEDFORD TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	<i>Business-type Activities - Enterprise Funds</i>				<i>Totals</i>
	<i>Sewer Fund</i>	<i>Sewer Fund</i>	<i>South County Water</i>	<i>South County Water</i>	
	<i>Current Year</i>	<i>Prior Year</i>	<i>Current Year</i>	<i>Prior Year</i>	
Cash Flows from Operating Activities:					
Receipts from customers and users	\$ 2,017,268	\$ 1,817,261	\$ 471,384	\$ 936,791	\$ 2,488,652
Payments to suppliers	(1,649,197)	(1,488,543)	(280,324)	(181,250)	(1,929,521)
Payments to employees	(56,124)	(55,283)	-	-	(56,124)
Net Cash Provided by Operating Activities	<u>311,947</u>	<u>273,435</u>	<u>191,060</u>	<u>755,541</u>	<u>503,007</u>
Cash Flows from Capital and Related Financing Activities:					
Proceeds from Sale of Bonds	-	-	-	1,745,000	-
Purchase of Fixed Assets	(97,503)	(151,685)	(1,651,600)	(635,146)	(1,749,103)
Principal Paid on Bonds	(325,000)	(315,000)	(185,000)	(80,000)	(510,000)
Interest Paid on Bonds	(67,350)	(74,450)	(43,816)	(32,823)	(111,166)
Net Cash Used For Capital and Related Financing Activities	<u>(489,853)</u>	<u>(541,135)</u>	<u>(1,880,416)</u>	<u>997,031</u>	<u>(2,370,269)</u>
Cash Flows from Investing Activities:					
Interest on Investments	79,501	139,554	80,170	64,534	159,671
Net Cash Provided by Investing Activities	<u>79,501</u>	<u>139,554</u>	<u>80,170</u>	<u>64,534</u>	<u>159,671</u>
Net Increase in Cash and Cash Equivalents	(98,405)	(128,146)	(1,609,186)	1,817,106	(1,707,591)
Cash and Cash Equivalents - Beginning	<u>8,303,896</u>	<u>8,432,042</u>	<u>3,385,862</u>	<u>1,568,756</u>	<u>11,689,758</u>
Cash and Cash Equivalents - Ending	<u>\$ 8,205,491</u>	<u>\$ 8,303,896</u>	<u>\$ 1,776,676</u>	<u>\$ 3,385,862</u>	<u>\$ 9,982,167</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating Income	\$ (328,461)	\$ (365,830)	\$ (135,993)	\$ (229,639)	\$ (464,454)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	700,216	714,215	57,525	16,157	757,741
Changes in Current Assets and Liabilities:					
Accounts Receivable	(91,559)	(122,914)	(1,472)	-	(93,031)
Accounts Payable	26,359	60,280	(121,626)	91,331	(95,267)
Accrued Wages	490	244	-	-	490
Compensated Absences	(337)	(98)	-	-	(337)
Accrued Payroll Taxes	101	51	-	-	101
Due to Other Funds	3,567	(12,788)	-	-	3,567
Due to Monroe County	554	275	-	-	554
Tap-In Receivable	-	-	791	1,445	791
Prepaid Expense	1,017	-	-	-	1,017
Assessments Receivable	-	-	383,563	884,178	383,563
Inspection Fees Payable	-	-	8,272	(7,931)	8,272
Total Adjustments and Changes	<u>640,408</u>	<u>639,265</u>	<u>327,053</u>	<u>985,180</u>	<u>967,461</u>
Net Cash Provided By Operating Activities	<u>\$ 311,947</u>	<u>\$ 273,435</u>	<u>\$ 191,060</u>	<u>\$ 755,541</u>	<u>\$ 503,007</u>

See Accompanying Notes to the Financial Statements.

BEDFORD TOWNSHIP
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2004

	<u>Pension Fund</u>	<u>Cemetery Fund</u>
Assets		
Cash and Cash Equivalents	\$ -	\$ 5,280
Investments at Fair Value:		
Mutual Funds	<u>1,100,566</u>	<u>-</u>
Total Assets	1,100,566	5,280
Liabilities		
Due to Others	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>
Net Assets		
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 1,100,566</u>	<u>\$ 5,280</u>

See Accompanying Notes to the Financial Statements.

BEDFORD TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Pension Fund</u>	<u>Cemetery Fund</u>
Additions:		
Contributions:		
Employer	\$ 131,182	\$ -
Plan Members	22,230	-
Total Contributions	<u>153,412</u>	<u>-</u>
Investment Earnings	<u>69,672</u>	<u>53</u>
Total Additions	<u>223,084</u>	<u>53</u>
Deductions:		
Administrative Expenses	11,737	-
Benefits	22,857	-
Total Deductions	<u>34,594</u>	<u>-</u>
Net Change	188,490	53
Net Assets - Beginning	<u>912,076</u>	<u>5,227</u>
Net Assets - Ending	<u><u>\$ 1,100,566</u></u>	<u><u>\$ 5,280</u></u>

See Accompanying Notes to the Financial Statements.

BEDFORD TOWNSHIP
STATEMENT OF NET ASSETS - COMPONENT UNITS
JUNE 30, 2004

	<i>Economic Development Corporation</i>	<i>Downtown Development Authority</i>	<i>Total Component Units</i>
Assets			
Cash and Cash Equivalents	\$ 15,909	\$ 308,700	\$ 324,609
Investments			-
Receivables (Net of Allowance for Uncollectibles):			
Assessments	-	341,044	341,044
Prepaid Expenses	644		644
Capital Assets:			
Improvements Other than Buildings	5,200	-	5,200
Infrastructure	-	32,672	32,672
Less Accumulated Depreciation	(3,280)	-	(3,280)
Total Assets	18,473	682,416	700,889
Liabilities			
Accounts Payable	282	27	309
Accrued Interest Payable	-	7,400	7,400
Noncurrent Liabilities:			
Due Within One Year	-	102,083	102,083
Due in More Than One Year	-	857,501	857,501
Total Liabilities	282	967,011	967,293
Net Assets			
Invested in Capital Assets Net of Related Debt	1,920	32,672	34,592
Unrestricted	16,271	(317,267)	(300,996)
Total Net Assets	\$ 18,191	\$ (284,595)	\$ (266,404)

See Accompanying Notes to the Financial Statements.

BEDFORD TOWNSHIP

**STATEMENT OF ACTIVITIES - COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2004**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Economic Development Authority	Downtown Development Authority	Total
General Government	\$ 14,973	\$ -	\$ -	\$ -	\$ (14,973)	\$ -	\$ (14,973)
Downtown Development Authority							
General Government	627	-	-	-	-	-	-
Interest on Long-Term Debt	49,757	-	-	-	-	(627)	(627)
Total Governmental Activities	50,384	-	-	-	(14,973)	(49,757)	(49,757)
						(50,384)	(65,357)
Total Component Units	\$ 65,357	\$ -	\$ -	\$ -	(14,973)	(50,384)	(65,357)
General Revenues:							
Property Taxes					-	188,582	188,582
Miscellaneous					350	-	350
Unrestricted Investment Earnings					60	25,650	25,710
Transfers					13,400	-	13,400
Total General Revenues and Transfers					13,810	214,232	228,042
Change in Net Assets					(1,163)	163,848	162,685
Net Assets - Beginning					19,354	(448,443)	(429,089)
Net Assets - Ending					\$ 18,191	\$ (284,595)	\$ (266,404)

See Accompanying Notes to the Financial Statements.

BEDFORD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

- NOTE 1 - Summary of Significant Accounting Policies*
- NOTE 2 - Reconciliation of Government-Wide and Fund Financial Statements*
- NOTE 3 - Stewardship, Compliance and Accountability*
- NOTE 4 - Deposits and Investments*
- NOTE 5 - Receivables*
- NOTE 6 - Capital Assets*
- NOTE 7 - Interfund Receivables, Payables and Transfers*
- NOTE 8 - Leases*
- NOTE 9 - Long-term Debt*
- NOTE 10 - Restricted Assets*
- NOTE 11 - Risk Management*
- NOTE 12 - Other Post-Employment Benefits*
- NOTE 13 - Employee Retirement Plan*
- NOTE 14 - Pending Litigation*
- NOTE 15 - Compensated Absences*
- NOTE 16 - Deferred Compensation Plan*
- NOTE 17 - Monroe County Joint Powers Water Contracts
(South County Water System)*

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Bedford Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Bedford Township:

A - Reporting Entity

Bedford Township is a municipal corporation governed by an elected seven member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

Blended Component Unit - The Township Building Authority is governed by a board appointed by the Township. Although it is legally separate from the Township, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the township's public buildings. The financial statements of the Building Authority have been included with the Special Revenue Funds.

Discretely Presented Component Units - The Economic Development Corporation used to issue bonds to promote commercial and industrial growth. All bonds are issued in accordance with the provisions of Act No. 338 and were to be repaid solely from net revenues received from the project under contract and the bonds shall never constitute a general obligation of the Economic Development Corporation of the Township of Bedford. There are currently no bonds outstanding at June 30, 2004. The Township appoints the governing body of the Corporation, approves budgets, tax levies and debt issues. The Corporation is reported as a governmental fund.

The Downtown Development Authority is a tax increment district that provides infrastructure to promote development or redevelopment. The Authority may issue debt which is repaid from assessments or tax increment captures. The Township appoints the governing body of the Authority, approves budgets, tax levies and debt issues. The Authority is reported as a governmental fund.

Complete financial statements for each of the individual component units may be obtained at the Bedford Township office.

B - Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C - Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered available only when cash is received by the government.

Bedford Township property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in the Bedford Township as of the preceding December 31st. Although the Bedford Township 2003 ad valorem tax is levied and collectible on December 1, 2003, it is the Bedford Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60days). The 2003 taxable valuation of the Bedford Township totaled \$841.7 million, on which advalorem taxes levied consisted of .8142 mills for the Bedford Township operating purposes, .1776 mills for sewer debt, .9233 mills for fire protection, .7387 mills for library improvements and operations, .2462 mills for park operations, and .0942 for bus transportation. The taxes generated are recognized in the respective General, Special Revenue and Debt Service Fund financial statements as taxes receivable - current or as tax revenue.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Fund accounts for specific revenues and fire protection expenses.

The Library Fund accounts for specific revenues and library operations, improvements and related debt service.

The government reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the sewage collection and treatment system.

The Water Fund accounts for tap and assessment revenues, water system construction and related debt service.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Additionally, the government reports the following fund types:

The pension trust fund accounts for the activities of the township employees retirement system which accumulates resources for pension benefit payments to qualified employees.

The cemetery trust fund provides burial services for indigent township residents.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes tap fees as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables--In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items--Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets-- The bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the county being held for the construction or debt service of Bedford Township's water and sewer lines.

Capital Assets--Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	50 years
Improvements Other than Buildings	5 to 20 years
Machinery and Equipment	3 to 15 years
Water and Sewer Lines	30 to 50 years
Infrastructure	20 years

Compensated Absences (Vacation and Sick Leave)--It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation and sick leave pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

Long-Term Obligations--In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

Fund Equity--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications--Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2--RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds". The details of this \$5,746,114 are as follows:

Bonds payable	\$ (5,630,000)
Accrued interest payable	(31,895)
Compensated absences	<u>(84,219)</u>

Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (5,746,114)</u>
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B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "-Governmental funds report capital outlays as expenditures; in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense". The details of this \$1,948,632 are as follows:

Capital outlay	\$ 2,382,322
Depreciation	<u>(433,690)</u>
	<u>\$ 1,948,632</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$95,714 are as follows:

Compensated absences	\$ (84,219)
Accrued interest	<u>(11,495)</u>
	<u>\$ (95,714)</u>

NOTE 3--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and all special revenue funds. All annual appropriations lapse at fiscal year end. On or before the 1st day of April the Supervisor shall prepare and submit to the Township Board a recommended budget within the tax limit and other revenue sources of the Township covering the next fiscal year. A public hearing on the budget shall be held before its final adoption. On or before the end of the fiscal year, the Township Board shall adopt a budget for the ensuing fiscal year. The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level. (i.e., The level at which expenditures may not legally exceed appropriations). The Supervisor is authorized to transfer budgeted amounts between line-items within an activity category; however, any revisions that alter the total expenditures of any activity must be approved by the Township Board.

Bedford Township
Notes to Financial Statements
June 30, 2004

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds-- During the year, Bedford Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Budget Item</u>	<u>Actual Expenditure</u>	<u>Budget Appropriation</u>
General Fund--Property Other	\$ 144,656	\$ 142,700
General Fund--Ordinance	\$ 34,541	\$ 34,500

These excess expenditures were funded by available fund balance.

Fund Deficits --Bedford Township has no accumulated fund balance/retained earning deficits.

NOTE 4--DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Board has designated two banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

<u>Primary Government</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>	<u>Bank Balance</u>
Cash and Cash Equivalents	\$ 8,260,985	\$ 5,315,589	\$ 5,280	\$ 13,581,854	\$ 5,280
Restricted Cash	653,824	4,666,578	-	5,320,402	5,320,402
Total	<u>\$ 8,914,809</u>	<u>\$ 9,982,167</u>	<u>\$ 5,280</u>	<u>\$ 18,902,256</u>	<u>\$ 5,325,682</u>
				Federal Depository Insurance Coverage	<u>\$ 200,000</u>
<u>Component Units</u>	<u>Economic Development Corporation</u>	<u>Downtown Development Authority</u>	<u>Total</u>	<u>Bank Balance</u>	
Cash and Cash Equivalents	\$ 15,909	\$ 308,700	\$ 324,609	\$ 324,646	
				Federal Depository Insurance Coverage	<u>\$ 115,947</u>

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Local Governmental Unit or its agent in the government's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Local Governmental Unit's name.

At year-end, the government's investment balances were categorized as follows:

Primary Government	Category			Reported Amount (Fair Value)
	1	2	3	
U.S. Government Securities	\$ -	\$ -	\$ -	\$ -
Certificates of Deposit	-	-	-	-
Repurchase Agreements	-	-	-	-
Subtotal	\$ -	\$ -	\$ -	-
Investments Not Subject to Categorization				
Mutual Funds				1,100,566
Total Primary Government				<u>\$ 1,100,566</u>

NOTE 5--RECEIVABLES

Receivables as of year-end for the government's individual major and nonmajor funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Sewer Fund	Water Fund	Nonmajor Funds	Total
Accounts	\$ 42,508	\$ 767,568	\$ 1,472	\$ 336	\$ 811,884
Special Assessments	-	-	1,178,333	106,136	1,284,469
Tap-Ins	-	-	4,673	-	4,673
Grants and Loans	-	-	-	145,960	145,960
Gross Receivables	42,508	767,568	1,184,478	252,432	2,246,986
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Receivables	<u>\$ 42,508</u>	<u>\$ 767,568</u>	<u>\$ 1,184,478</u>	<u>\$ 252,432</u>	<u>\$ 2,246,986</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable
Loans and Grants	\$ 145,960
Special Assessments	106,136
Total	<u>\$ 252,096</u>

NOTE 6--CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated :				
Land	\$ 190,250	\$ -	\$ -	\$ 190,250
Construction in Progress	273,459	2,072,334	-	2,345,793
	<u>463,709</u>	<u>2,072,334</u>	<u>-</u>	<u>2,536,043</u>
Capital Assets Being Depreciated :				
Buildings	4,078,029	-	-	4,078,029
Improvements Other Than Buildings	608,800	315	-	609,115
Machinery and Equipment	4,341,616	364,873	(78,736)	4,627,753
Subtotal	<u>9,028,445</u>	<u>365,188</u>	<u>(78,736)</u>	<u>9,314,897</u>
Less Accumulated Depreciation for :				
Buildings	1,465,096	109,822	-	1,574,918
Improvements Other Than Buildings	204,826	60,715	-	265,541
Machinery and Equipment	2,593,093	263,153	(26,481)	2,829,765
Subtotal	<u>4,263,015</u>	<u>433,690</u>	<u>(26,481)</u>	<u>4,670,224</u>
Net Capital Assets Being Depreciated	<u>4,765,430</u>	<u>(68,502)</u>	<u>(52,255)</u>	<u>4,644,673</u>
Governmental Activities Total				
Capital Assets--Net of Depreciation	<u>\$ 5,229,139</u>	<u>\$ 2,003,832</u>	<u>\$ (52,255)</u>	<u>\$ 7,180,716</u>
<u>Business-Type Activities</u>				
Capital Assets Not Being Depreciated :				
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Construction in Progress	635,146	-	(362,851)	272,295
	<u>675,146</u>	<u>-</u>	<u>(362,851)</u>	<u>312,295</u>
Capital Assets Being Depreciated :				
Buildings and System	34,501,319	2,117,028	-	36,618,347
Machinery and Equipment	464,011	1,012	(6,087)	458,936
	<u>34,965,330</u>	<u>2,118,040</u>	<u>(6,087)</u>	<u>37,077,283</u>
Less Accumulated Depreciation for :				
Buildings and System	13,623,462	738,370	-	14,361,832
Machinery and Equipment	360,881	19,371	-	380,252
	<u>13,984,343</u>	<u>757,741</u>	<u>-</u>	<u>14,742,084</u>
Net Capital Assets Being Depreciated	<u>20,980,987</u>	<u>1,360,299</u>	<u>(6,087)</u>	<u>22,335,199</u>
Business-Type Activities Total				
Capital Assets--Net of Depreciation	<u>\$ 21,656,133</u>	<u>\$ 1,360,299</u>	<u>\$ (368,938)</u>	<u>\$ 22,647,494</u>

Depreciation expense was charged to programs of the primary government as follows:

<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
General Government	\$ 93,004	Sewer	\$ 700,216
Public Safety	241,356	Water	57,525
Recreation and Culture	99,330	Total Business-Type	
Total Governmental Activities	<u>\$ 433,690</u>	Activities	<u>\$ 757,741</u>

Construction Commitments

The Township has library construction contract commitments at June 30, 2004 in the amount of \$888,178.

Discretely Presented Component Units

Capital asset activity of the Economic Development Corporation for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated :				
Improvements Other Than Buildings	\$ 5,200	\$ -	\$ -	\$ 5,200
Less Accumulated Depreciation for :				
Improvements Other Than Buildings	2,480	800	-	3,280
Economic Development Corporation				
Capital Assets - Net	<u>\$ 2,720</u>	<u>\$ (800)</u>	<u>\$ -</u>	<u>\$ 1,920</u>

Capital asset activity of the Downtown Development Authority for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated :				
Infrastructure	\$ -	\$ 32,672	\$ -	\$ 32,672
Less Accumulated Depreciation for :				
Infrastructure	-	-	-	-
Downtown Development Authority				
Capital Assets - Net	<u>\$ -</u>	<u>\$ 32,672</u>	<u>\$ -</u>	<u>\$ 32,672</u>

NOTE 7--INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Street Lighting	\$ 2,343
	Nonmajor Governmental	24,894
	Sewer	20,283
	Other - Trust and Agency	929
Nonmajor Governmental	Sewer	2,925
	Other - Trust and Agency	3,200
	General	20
Total		<u>\$ 54,594</u>

Interfund Transfers

	<u>Transfers In</u>			
	<u>Library Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Component Unit</u>	<u>Total</u>
Transfers Out:				
General Fund	<u>\$ 75,000</u>	<u>\$ 140,000</u>	<u>\$ 13,400</u>	<u>\$ 228,400</u>

NOTE 8--LEASES

Bedford Township had no lease obligations at June 30, 2004.

NOTE 9--LONG-TERM DEBT

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

	<u>Interest Rate</u>	<u>Principal Matures</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities						
County Contractual Obligations						
Road Bonds-2002	2.75-4.0%	2012-13	\$ 1,000,000	\$ (100,000)	\$ 900,000	\$ 100,000
Sewer	5.00%	2008-09	1,200,000	(175,000)	1,025,000	175,000
Limited Tax General Obligation						
Library Bonds	2.0-3.4%	2011-12	-	3,705,000	3,705,000	380,000
Total Governmental Activities			<u>\$ 2,200,000</u>	<u>\$ 3,430,000</u>	<u>\$ 5,630,000</u>	<u>\$ 655,000</u>
Business-Type Activities						
County Contractual Obligations						
Sewer System	2.00%	2012-13	\$ 3,560,000	\$ (325,000)	\$ 3,235,000	\$ 335,000
Water Line	2.0-3.5%	2011-12	1,665,000	(185,000)	1,480,000	185,000
Total Business-Type Activities			<u>\$ 5,225,000</u>	<u>\$ (510,000)</u>	<u>\$ 4,715,000</u>	<u>\$ 520,000</u>
Component Unit - Downtown Development Authority						
County Contractual Obligations						
Road Bonds-1999	4.2-5.0%	2011-12	\$ 1,055,834	\$ (96,250)	\$ 959,584	\$ 102,083

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Component Unit</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 655,000	\$ 176,001	\$ 520,000	\$ 101,218	\$ 102,083	\$ 45,448
2006	710,000	155,682	520,000	90,718	105,000	40,956
2007	735,000	133,857	530,000	80,218	110,833	36,232
2008	780,000	110,688	540,000	69,154	116,667	31,244
2009	800,000	85,140	540,000	57,430	122,500	25,876
2010 and after	1,950,000	134,334	2,065,000	98,286	402,501	40,704
Total	<u>\$ 5,630,000</u>	<u>\$ 795,702</u>	<u>\$ 4,715,000</u>	<u>\$ 497,024</u>	<u>\$ 959,584</u>	<u>\$ 220,460</u>

NOTE 10--RESTRICTED ASSETS

The balances of the restricted asset (cash with fiscal agent) accounts in the proprietary funds are as follows:

Debt Retirement	\$ 249
Replacement	3,627,040
Construction	3,483
Operations	<u>1,035,806</u>
	<u>\$ 4,666,578</u>

NOTE 11--RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township purchases commercial insurance for all of these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in insurance coverage from the prior year.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

NOTE 12--OTHER POST-EMPLOYMENT BENEFITS

The Township has post-employment health and dental benefits provided to retired board members and employees. This plan as established by the Township Board as an ordinance.

The Township funds these benefits on a "pay-as-you-go" basis. The total cost of these benefits for the year ended June 30, 2004, was approximately \$3,000 and there were three participants who qualified for and received benefits for this year.

NOTE 13--EMPLOYEE RETIREMENT PLAN

Defined Contribution Pension Plan

The Township provides pension benefits for all of its full time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus any investment earnings. The plan was established and may be amended by the Township Board.

Bedford Township contributes thirteen percent of base wages for each employee with the employee having an optional contribution of up to ten percent. An employee is fully vested after twenty-one months of service. An insurance company (Manulife Financial) administers the plan and the Township makes monthly contributions. The Township's total payroll for this year was \$1,594,369. The Township made the required contribution of \$131,182 on covered payroll of \$1,009,092.

All full time employees participate in the plan.

Note 14 -- PENDING LITIGATION

At present, there are no cases of litigation pending that would have a material effect on the financial statements.

NOTE 16--DEFERRED COMPENSATION PLAN

The Bedford Township Board offers all Bedford Township employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plans were held in trust, (custodial account or annuity contract) as described in IRC Section 457 (g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof of the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in Bedford Township's financial statements.

Note 17 -- MONROE COUNTY JOINT POWERS WATER CONTRACTS (South County Water System)

Bedford Township, in conjunction with three other communities, has entered into a contract with the Monroe County Drain Commission to provide a water supply and water mains for each of the communities. This is considered a joint venture without an equity interest. The original contract plus additional bonds issued calls for payments to total \$7,200,000 plus interest, the full amount to be paid by July 1, 2007. Total principal and interest requirements remaining at June 30, 2004, on this contract are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Joint Powers 1995 Improvements	<u>\$ 555,550</u>	<u>\$ 70,785</u>	<u>\$ 626,335</u>

Each community's liability is computed annually using assessed property valuation as a basis. Therefore, Bedford Township's liability under this contract is presently undeterminable but, at this time, is estimated to be approximately 60% of the contract amount. The South County Water System currently makes all payments of principal and interest on these contracts, but the units of government will still be liable for principal should South County Water System not be able to meet the obligation.

The Township's estimated share of assets, liabilities, and fund equity is 60%. Summary financial information as of, and for the fiscal year ended December 31, 2003 is as follows:

	<u>South County Water System</u>
Cash and Investments	\$ 6,577,211
Other Assets	17,429,514
Total Assets	<u>24,006,725</u>
Total Liabilities	<u>808,881</u>
Total Net Assets	<u>\$ 23,197,844</u>
Total Revenue	\$ 3,756,864
Total Expenses	3,243,087
Net Change in Net Assets	<u>\$ 513,777</u>
Current Portion of Long-Term Debt	\$ 138,550
Long-Term Debt, Less Current Portion	417,000
Total Debt	<u>\$ 555,550</u>

Complete financial statements for this joint entity are in the 2003 Financial Statements of the Monroe County Drain Commission County Agency.

BEDFORD TOWNSHIP
GENERAL FUND
SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes	\$ 700,700	\$ 722,000	\$ 719,227	\$ (2,773)
Licenses and Permits	155,800	160,300	179,564	19,264
State Grants	2,050,000	2,088,600	2,072,148	(16,452)
Charges for Services	34,000	46,400	40,533	(5,867)
Fines and Forfeits	15,000	15,000	15,932	932
Interest	30,620	30,620	29,079	(1,541)
Other	190,050	194,550	90,248	(104,302)
Total Revenue	3,176,170	3,257,470	3,146,731	(110,739)
Expenditures:				
Current:				
General Government				
Township Board	48,200	53,200	51,613	1,587
Supervisor	98,325	98,325	97,682	643
Elections	41,500	41,500	11,572	29,928
Finance	66,650	66,650	44,423	22,227
Clerk	143,250	148,250	144,023	4,227
Board of Review	8,400	8,400	5,066	3,334
Treasurer	152,100	158,100	152,856	5,244
Assessing	172,600	180,600	166,236	14,364
Cemetery	2,000	2,000	266	1,734
Building and Grounds	273,100	312,600	277,382	35,218
Legal	61,500	61,500	53,463	8,037
Property - Other	138,500	142,700	144,656	(1,956)
Planning Commission	163,300	174,300	168,100	6,200
Board of Zoning Appeals	13,100	13,100	8,699	4,401
Township at Large	45,450	45,450	40,834	4,616
Beautification	10,000	10,000	7,259	2,741
Community Promotion	21,000	21,000	18,004	2,996
Insurance	80,000	91,500	90,949	551
Fringe Benefits	331,900	376,900	242,294	134,606
Social Security	100,750	100,750	68,123	32,627
Senior Citizens	7,500	7,500	7,500	-
Total General Government	1,979,125	2,114,325	1,801,000	313,325
Public Safety				
Ordinance	34,500	34,500	34,541	(41)
Police	507,000	507,000	461,096	45,904
Fire	65,000	65,000	58,531	6,469
Mosquito Control	46,450	75,450	71,251	4,199
Emergency Management	1,000	1,000	-	1,000
Total Public Safety	653,950	682,950	625,419	57,531
Public Works				
Drains	22,000	10,000	9,369	631
Street Lighting	28,000	28,000	25,432	2,568
Roads	292,000	292,000	190,164	101,836
Total Public Works	342,000	330,000	224,965	105,035
Debt Service				
Principal	100,000	100,000	100,000	-
Interest	38,000	38,000	37,036	964
Total Debt Service	138,000	138,000	137,036	964
Total Current Expenditures	3,113,075	3,265,275	2,788,420	476,855
Excess of Revenue Over				
(Under) Expenditures	63,095	(7,805)	358,311	366,116
Other Financing Sources (Uses):				
Operating Transfers to Other Funds	(215,000)	(215,000)	(215,000)	-
Operating Transfers to Component Units	(13,400)	(13,400)	(13,400)	-
Total Other Financing Sources (Uses)	(228,400)	(228,400)	(228,400)	-
Excess of Revenue & Other Financing				
Sources Over Expenditures & Other				
Financing Uses	(165,305)	(236,205)	129,911	366,116
Fund Balance - Beginning	3,239,484	3,239,484	3,239,484	-
Fund Balance - Ending	\$ 3,074,179	\$ 3,003,279	\$ 3,369,395	\$ 366,116

BEDFORD TOWNSHIP
FIRE DEPARTMENT FUND
SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenue:				
Property Taxes	\$ 750,000	\$ 750,000	\$ 762,072	\$ 12,072
Assessments	109,500	109,500	109,717	217
Interest	13,500	13,500	12,466	(1,034)
Other	-	-	962	962
Total Revenue	<u>873,000</u>	<u>873,000</u>	<u>885,217</u>	<u>12,217</u>
Current Expenditures:				
Public Safety:				
Wages			355,241	
Social Security			27,172	
Fringe Benefits			11,787	
Legal			3,689	
Supplies			9,314	
Contracted Services			109,500	
Medical			1,161	
Maintenance			17,370	
Conferences			4,683	
Insurance			16,759	
Utilities			2,671	
Capital Outlay			86,830	
Total Expenditures	<u>1,173,000</u>	<u>1,173,000</u>	<u>646,177</u>	<u>526,823</u>
Excess of Revenue Over (Under)				
Expenditures	(300,000)	(300,000)	239,040	539,040
Fund Balance, Beginning	<u>1,153,812</u>	<u>1,153,812</u>	<u>1,153,812</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 853,812</u>	<u>\$ 853,812</u>	<u>\$ 1,392,852</u>	<u>\$ 539,040</u>

LIBRARY FUND

SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenue:				
Property Tax	\$ 600,000	\$ 600,000	\$ 609,468	\$ 9,468
Interest	6,500	6,500	21,495	14,995
Total Revenue	606,500	606,500	630,963	24,463
Current Expenditures:				
Recreational and Cultural				
Board Fees			2,930	
Office Supplies			379	
Operating Supplies			1,516	
Utilities			28,945	
Repairs and Maintenance			7,590	
Professional Services			100	
Rent Expense			70,499	
Water & Sewer Use Charges			402	
Other			249	
Capital Outlay			2,072,335	
Debt Service:				
Principal			295,000	
Interest and Fiscal Charges			75,336	
Total Expenditures	4,605,700	4,605,700	2,555,281	2,050,419
Excess of Revenue Over (Under) Expenditures	(3,999,200)	(3,999,200)	(1,924,318)	2,074,882
Other Financing Sources (Uses):				
Bond Proceeds	3,670,000	3,670,000	4,000,000	330,000
Operating Transfers In	75,000	75,000	75,000	-
	3,745,000	3,745,000	4,075,000	
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	(254,200)	(254,200)	2,150,682	2,404,882
Fund Balance, Beginning	375,426	375,426	375,426	-
Fund Balance, Ending	\$ 121,226	\$ 121,226	\$ 2,526,108	\$ 2,404,882

BEDFORD TOWNSHIP
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004

Assets	Special Revenue										Debt Service		Total Nonmajor Governmental Funds
	Park	Road Improvement	Transit System	Building Inspection	Building Authority	Rehabili- tation	Capital Improve- ment	Metro Act	Emergency Preparedness	Street Lighting	Kelthcrest Drive Debt Service	Sewer Debt Service	
Cash and Cash Equivalents	\$ 103,617	\$ -	\$ 51,322	\$ 280,333	\$ -	\$ 32,112	\$ 28,118	\$ 25,857	\$ 34,308	\$ -	\$ 1,304	\$ 517,833	\$ 1,102,724
Prepaid Costs	10,577	-	-	756	-	-	-	-	-	-	-	-	11,333
Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-	-	336
Loans Receivable	-	-	-	-	-	-	-	-	-	-	-	-	121,068
Grants Receivable	6,098	-	-	-	-	121,068	-	-	-	-	-	-	24,892
Assessments Receivable	-	-	-	-	-	18,794	-	-	-	-	-	-	106,136
Due From Other Funds	3,220	-	-	-	-	-	-	-	-	2,343	5,771	-	98,022
Cash With Fiscal Agent	-	653,520	-	-	-	-	-	-	-	-	-	2,925	6,145
Total Assets	\$ 123,512	\$ 653,520	\$ 51,322	\$ 281,089	\$ -	\$ 171,974	\$ 28,118	\$ 25,857	\$ 34,308	\$ 2,343	\$ 7,075	\$ 521,398	\$ 2,026,458
Liabilities And Fund Balance													
Liabilities:													
Accounts Payable	\$ 3,098	\$ -	\$ 13,755	\$ 298	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,149
Accrued Wages	249	-	-	8,933	-	-	-	-	-	-	-	-	9,182
Accrued Payroll Taxes	-	-	-	1,062	-	-	-	-	-	-	-	-	1,062
Due to Other Funds	-	-	-	24,894	-	-	-	-	-	2,343	-	-	27,237
Deferred Revenue	-	-	-	-	-	-	-	-	-	-	-	-	243,490
Total Liabilities	3,345	-	13,755	35,187	-	139,862	-	-	-	2,343	5,806	-	298,120
Fund Balance:	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserved	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Reserved	-	-	-	-	-	-	-	-	-	-	-	-	-
Unreserved Designated:	-	-	-	-	-	-	-	-	-	-	-	-	-
Designated for Land Acquisition	99,764	-	-	-	-	-	-	-	-	-	1,469	521,398	550,787
Total Unreserved Designated	99,764	-	-	-	-	-	-	-	-	-	1,469	521,398	550,787
Unreserved Undesignated	20,403	653,520	37,567	245,902	-	32,112	28,118	25,857	34,308	-	-	-	98,764
Total Fund Balance	120,167	653,520	37,567	245,902	-	32,112	28,118	25,857	34,308	-	-	-	98,764
Total Liabilities and Fund Balance	\$ 123,512	\$ 653,520	\$ 51,322	\$ 281,089	\$ -	\$ 171,974	\$ 28,118	\$ 25,857	\$ 34,308	\$ 2,343	\$ 7,075	\$ 521,398	\$ 2,026,458

BEDFORD TOWNSHIP
COMBINING STATEMENT OF REVENUE, AND EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	Special Revenue										Debt Service		Sarah Drive Debt Service	Total Nonmajor Governmental Funds
	Park	Road Improvement	Transit System	Building Inspection	Building Authority	Rehabilitation	Capital Improvement	Metro Act	Emergency Preparedness	Street Lighting	Kelthcrest Drive Debt Service	Sewer Debt Service		
Revenues:														
Taxes	\$ 203,129	\$ -	\$ 77,748	\$ 448,762	\$ -	\$ -	\$ -	\$ 25,800	\$ -	\$ -	\$ -	\$ 146,572	\$ -	\$ 427,449
Licenses and Permits	-	-	-	-	-	-	-	-	-	-	-	-	-	474,562
Intergovernmental:														
State Grants	1,347	-	-	-	-	-	-	-	-	113,740	5,371	-	22,178	1,347
Assessments	-	-	-	-	-	-	-	-	-	-	-	-	-	141,289
Interest	1,475	21,121	640	2,536	-	167	285	42	348	-	870	4,535	7,535	39,554
Other Revenue	36,343	-	-	-	-	22,337	-	-	-	-	-	18,839	-	77,519
Total Revenue	242,294	21,121	78,388	451,298	-	22,504	285	25,842	348	113,740	6,241	169,946	29,713	1,161,720
Expenditures:														
Current														
General Government	-	-	80,975	-	4,140	21,786	-	-	-	-	-	-	-	106,901
Public Safety	-	-	-	392,796	-	-	-	-	-	-	-	-	-	392,796
Public Works	-	124,336	-	-	-	-	-	-	-	113,740	-	-	-	238,076
Recreational and Cultural	144,813	-	-	-	-	-	-	-	-	-	-	-	-	144,813
Capital Outlay	283,875	-	-	-	-	-	-	6,610	-	-	-	-	-	290,485
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	428,688	124,336	80,975	392,796	4,140	21,786	-	6,610	-	113,740	7,701	58,125	32,717	1,446,614
Excess of Revenue Over (Under) Expenditures	(186,394)	(103,215)	(2,587)	58,502	(4,140)	718	285	19,232	348	-	(1,460)	(63,179)	(3,004)	(284,894)
Other Financing Sources (Uses):														
Operating Transfers from Other Funds	140,000	-	-	-	-	-	-	-	-	-	-	-	-	140,000
Total Other Financing Sources (Uses)	140,000	-	-	-	-	-	-	-	-	-	-	-	-	140,000
Excess of Revenue & Other Sources Over (Under) Expenditures & Other Uses	(46,394)	(103,215)	(2,587)	58,502	(4,140)	718	285	19,232	348	-	(1,460)	(63,179)	(3,004)	(144,894)
Fund Balance - Beginning	166,561	756,735	40,154	187,400	4,140	31,394	27,833	6,625	33,960	-	2,929	584,577	30,924	1,873,232
Fund Balance - Ending	\$ 120,167	\$ 653,520	\$ 37,567	\$ 245,902	\$ -	\$ 32,112	\$ 28,118	\$ 25,857	\$ 34,308	\$ -	\$ 1,469	\$ 521,398	\$ 27,920	\$ 1,728,338

BEDFORD TOWNSHIP
PARK FUND
SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenue:				
Property Tax	\$ 201,000	\$ 201,000	\$ 203,129	\$ 2,129
State Grants	-	-	1,347	1,347
Interest	2,500	2,500	1,475	(1,025)
Rental Revenue	15,000	15,000	12,665	(2,335)
Other	5,000	5,000	23,678	18,678
Total Revenue	<u>223,500</u>	<u>223,500</u>	<u>242,294</u>	<u>18,794</u>
Current Expenditures:				
Recreational and Cultural				
Board Fees			14,056	
Supplies			846	
Utilities			7,378	
Repairs and Maintenance			20,709	
Conferences and Workshops			4,839	
Recreation Commission			75,043	
Professional Services			20	
Memberships and Dues			383	
Janitorial Services			17,310	
Capital Outlay			283,875	
Refuse Collection			3,328	
Other			901	
Total Expenditures	<u>391,100</u>	<u>447,100</u>	<u>428,688</u>	<u>18,412</u>
Excess of Revenue Over (Under) Expenditures	<u>(167,600)</u>	<u>(223,600)</u>	<u>(186,394)</u>	<u>37,206</u>
Other Financing Sources (Uses):				
Operating Transfers In	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>	<u>-</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>(27,600)</u>	<u>(83,600)</u>	<u>(46,394)</u>	<u>37,206</u>
Fund Balance, Beginning	<u>166,561</u>	<u>166,561</u>	<u>166,561</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 138,961</u>	<u>\$ 82,961</u>	<u>\$ 120,167</u>	<u>\$ 37,206</u>

BEDFORD TOWNSHIP
ROAD IMPROVEMENT FUND
SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenue:				
Interest	\$ -	\$ -	\$ 21,121	\$ 21,121
Current Expenditures:				
Public Works:				
Maintenance			124,336	
Total Expenditures	756,735	756,735	124,336	632,399
Excess of Revenue Over (Under) Expenditures	(756,735)	(756,735)	(103,215)	653,520
Fund Balance, Beginning	756,735	756,735	756,735	-
Fund Balance, Ending	\$ -	\$ -	\$ 653,520	\$ 653,520

BEDFORD TOWNSHIP
TRANSIT SYSTEM
SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenue:				
Property Taxes	\$ 74,000	\$ 74,000	\$ 77,748	\$ 3,748
Interest Income	600	600	640	40
Total Revenue	74,600	74,600	78,388	3,788
Current Expenditures:				
General Government				
Contracted Services			80,975	
Total Expenditures	77,000	81,700	80,975	725
Excess of Revenue Over (Under) Expenditures	(2,400)	(7,100)	(2,587)	4,513
Fund Balance, Beginning	39,909	39,909	40,154	245
Fund Balance, Ending	\$ 37,509	\$ 32,809	\$ 37,567	\$ 4,758

BEDFORD TOWNSHIP
BUILDING INSPECTION
SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenue:				
Licenses and Permits	\$ 410,000	\$ 410,000	\$ 448,762	\$ 38,762
Interest Revenue	4,000	4,000	2,536	(1,464)
Total Revenue	414,000	414,000	451,298	37,298
Current Expenditures:				
Public Safety:				
Salary			275,413	
Fringe Benefits			66,200	
Supplies			2,681	
Software			1,759	
Professional Fees			19,152	
Conferences and Workshops			579	
Membership Dues and Publications			1,176	
Maintenance			81	
Other			23,733	
Capital Outlay			2,022	
Total Expenditures	425,900	442,900	392,796	50,104
Excess of Revenue Over (Under) Expenditures	(11,900)	(28,900)	58,502	87,402
Fund Balance, Beginning	187,400	187,400	187,400	-
Fund Balance, Ending	<u>175,500</u>	<u>\$ 158,500</u>	<u>\$ 245,902</u>	<u>\$ 87,402</u>

BEDFORD TOWNSHIP
BUILDING AUTHORITY FUND
SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenue	\$ -	\$ -	\$ -	\$ -
Current Expenditures:				
General Government:				
Other			4,140	
Total Expenditures	4,140	4,140	4,140	-
Excess of Revenue Over (Under) Expenditures	(4,140)	(4,140)	(4,140)	-
Other Financing Sources (Uses):				
Operating Transfers from Other Funds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess of Revenue & Other Sources				
Over (Under) Expenditures &				
Other Uses	(4,140)	(4,140)	(4,140)	-
Fund Balance, Beginning	4,140	4,140	4,140	-
Fund Balance, Ending	\$ -	\$ -	\$ -	\$ -

BEDFORD TOWNSHIP
REHABILITATION FUND
SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenue:				
Interest	\$ 400	\$ 400	\$ 167	\$ (233)
Loan Payments	8,000	8,000	22,337	14,337
Total Revenue	8,400	8,400	22,504	14,104
Current Expenditures:				
General Government:				
Loans Expense			20,511	
Board Fees			1,275	
Total Expenditures	33,593	33,593	21,786	11,807
Excess of Revenue Over (Under) Expenditures	(25,193)	(25,193)	718	25,911
Fund Balance, Beginning	31,394	31,394	31,394	-
Fund Balance, Ending	\$ 6,201	\$ 6,201	\$ 32,112	\$ 25,911

BEDFORD TOWNSHIP
CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i>	<i>Final Budget</i>
				<i>Positive</i>
				<i>(Negative)</i>
Revenue:				
Interest	\$ 370	\$ 370	\$ 285	\$ (85)
Current Expenditures:				
Public Works:				
Capital Outlay			-	
Total Expenditures	28,210	28,210	-	28,210
Excess of Revenue Over (Under) Expenditures	(27,840)	(27,840)	285	28,125
Fund Balance, Beginning	27,833	27,833	27,833	-
Fund Balance, Ending	\$ (7)	\$ (7)	\$ 28,118	\$ 28,125

BEDFORD TOWNSHIP
METRO ACT FUND
SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i>	<i>Final Budget</i>
				<i>Positive</i>
				<i>(Negative)</i>
Revenue:				
Fees	\$ 6,615	\$ 6,615	\$ 25,800	\$ 19,185
Interest	-	-	42	42
Total Revenue	<u>6,615</u>	<u>6,615</u>	<u>25,842</u>	<u>19,227</u>
Current Expenditures:				
Public Safety:				
Capital Outlay			6,610	-
Total Expenditures	<u>6,615</u>	<u>6,615</u>	<u>6,610</u>	<u>-</u>
Excess of Revenue Over (Under) Expenditures	-	-	19,232	19,227
Fund Balance, Beginning	<u>6,625</u>	<u>6,625</u>	<u>6,625</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 6,625</u>	<u>\$ 6,625</u>	<u>\$ 25,857</u>	<u>\$ 19,227</u>

BEDFORD TOWNSHIP
EMERGENCY PREPAREDNESS FUND
SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenue:				
Interest	\$ 500	\$ 500	\$ 348	\$ (152)
Total Revenue	500	500	348	(152)
Current Expenditures:				
Public Safety				
Contracted Services			-	
Total Expenditures	34,468	34,468	-	34,468
Excess of Revenue Over (Under) Expenditures	(33,968)	(33,968)	348	34,316
Other Financing Sources (Uses):				
Operating Transfers from Other Funds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess of Revenue & Other Sources Over (Under) Expenditures & Other Uses	(33,968)	(33,968)	348	34,316
Fund Balance, Beginning	33,960	33,960	33,960	-
Fund Balance, Ending	\$ (8)	\$ (8)	\$ 34,308	\$ 34,316

BEDFORD TOWNSHIP
STREET LIGHTING FUND
SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenue:				
Assessments	\$ 119,000	\$ 119,000	\$ 113,740	\$ (5,260)
Total Revenue	<u>119,000</u>	<u>119,000</u>	<u>113,740</u>	<u>(5,260)</u>
Current Expenditures:				
Public Works:				
Utilities			113,740	
Total Expenditures	<u>119,000</u>	<u>119,000</u>	<u>113,740</u>	<u>5,260</u>
Excess of Revenue Over (Under) Expenditures	-	-	-	-
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**BEDFORD TOWNSHIP
GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST TWO FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Culture and Recreation</u>	<u>Interest on Long-Term Debt</u>	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
2002-03	\$ 2,032,115	\$ 1,546,336	\$ 1,066,662	\$ 715,803	\$ 97,289	\$ 2,380,455	\$ 315,075	\$ 8,153,735
2003-04	2,065,752	1,917,249	463,041	356,753	190,344	2,520,813	273,244	7,787,196

Table 1

**BEDFORD TOWNSHIP
GOVERNMENT-WIDE REVENUES
LAST TWO FISCAL YEARS**

<u>Fiscal Year</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Taxes</u>	<u>Grants and Contributions Not Restricted to Specific Programs</u>	<u>Unrestricted Investment Earnings</u>	<u>Miscellaneous</u>	<u>Total</u>
2002-03	\$ 2,424,905	\$ 25,000	\$ 249,801	\$ 2,364,033	\$ 2,353,094	\$ 293,956	\$ 696,074	\$ 8,406,863
2003-04	2,726,588	-	253,281	2,518,216	2,073,495	262,265	312,989	8,146,834

Table 2

BEDFORD TOWNSHIP
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Culture and Recreation</u>	<u>Capital and Other</u>	<u>Debt Service</u>	<u>Total</u>
1994-95	\$ 885,863	\$ 838,399	\$ 555,615	\$ 259,417	\$ 421,270	\$ 590,774	\$ 3,551,338
1995-96	1,015,404	976,974	1,632,681	164,432	412,271	566,524	4,768,286
1996-97	940,118	1,049,124	425,918	166,219	378,947	442,446	3,402,772
1997-98	899,448	867,689	925,205	188,387	371,586	308,653	3,560,968
1998-99	1,019,119	1,282,493	459,472	192,035	381,047	328,582	3,662,748
1999-00	1,165,426	1,977,487	601,106	218,002	409,978	484,088	4,856,087
2000-01	1,157,016	1,571,806	634,228	307,610	499,956	484,861	4,655,477
2001-02	1,235,177	1,991,436	468,151	213,610	518,407	496,596	4,923,377
2002-03	1,345,030	1,720,434	1,066,662	723,303	532,430	400,128	5,787,987
2003-04	1,946,465	1,664,392	463,041	257,423	2,362,820	926,917	7,621,058

(1) INCLUDES GENERAL, SPECIAL REVENUE, DEBT SERVICE, CAPITAL PROJECTS, EXPENDABLE TRUST FUNDS,
AND COMPONENT UNITS.

Table 3

BEDFORD TOWNSHIP
GENERAL GOVERNMENTAL REVENUE BY SOURCE (1)
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter- governmental</u>	<u>Charges for Services</u>	<u>Fines</u>	<u>Interest</u>	<u>Assessments and Other</u>	<u>Total</u>
1994-95	\$ 1,019,989	\$ 416,032	\$ 1,540,449	\$ 152,602	\$ 5,933	\$ 166,527	\$ 328,539	\$ 3,630,071
1995-96	922,381	413,374	2,592,613	121,257	3,984	137,602	372,919	4,564,130
1996-97	1,027,069	432,612	1,884,577	133,461	5,206	133,110	490,326	4,106,361
1997-98	1,138,723	532,652	2,187,395	85,895	5,840	150,982	401,458	4,502,945
1998-99	1,216,708	538,012	1,723,266	46,366	4,366	174,161	496,149	4,199,028
1999-00	1,400,823	505,709	1,878,125	52,346	4,212	218,192	614,477	4,673,884
2000-01	1,505,187	555,752	2,374,800	81,538	15,060	223,484	622,208	5,378,029
2001-02	1,625,555	528,838	2,373,737	58,950	18,743	180,058	594,674	5,380,555
2002-03	2,527,764	549,462	2,393,416	50,571	19,616	118,297	531,167	6,190,293
2003-04	2,706,798	654,126	2,073,495	40,533	15,932	128,304	472,336	6,091,524

(1) INCLUDES GENERAL, SPECIAL REVENUE, DEBT SERVICE, CAPITAL PROJECTS, EXPENDABLE TRUST FUNDS,
AND COMPONENT UNITS.

Table 4

**BEDFORD TOWNSHIP
GENERAL GOVERNMENTAL
PROPERTY TAX REVENUE
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General</u>	<u>Special Revenue(1)</u>	<u>Debt Service</u>	<u>Total</u>
1994-95	\$ 355,413	\$ 348,875	\$ 315,701	\$ 1,019,989
1995-96	380,108	362,371	179,802	922,281
1996-97	428,001	408,538	190,530	1,027,069
1997-98	462,481	510,784	165,458	1,138,723
1998-99	492,311	539,476	176,954	1,208,741
1999-00	524,453	636,788	228,335	1,389,576
2000-01	566,319	763,384	175,484	1,505,187
2001-02	593,293	741,157	270,400	1,604,850
2002-03	650,090	1,575,416	302,258	2,527,764
2003-04	719,227	1,840,999	146,572	2,706,798

(1) INCLUDES COMPONENT UNITS.

Table 4A

BEDFORD TOWNSHIP
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Amount of Current Tax Collections</u>	<u>Percent of Current Tax Collected</u>	<u>Amount of Delinquent Taxes Collected</u>	<u>Total Collected for Year</u>	<u>Ratio of Total Taxes Collected to Total Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Levy</u>
1994-95	\$ 1,014,792	\$ 1,012,094	99.7341 %	2,291	\$ 1,014,385	99.9599 %	\$ 407	0.0401 %
1995-96	902,832	901,902	99.8970	157	902,059	99.9144	773	0.0856
1996-97	1,021,546	1,021,395	99.9754	38	1,021,433	99.9792	735	0.0719
1997-98	1,133,566	1,131,884	99.8516	553	1,132,437	99.9004	1,432	0.1263
1998-99	1,190,795	1,188,355	99.7951	965	1,189,320	99.8761	1,475	0.1239
1999-00	1,357,919	1,353,692	99.7971	1,008	1,354,700	99.7629	2,752	0.2027
2000-01	1,445,024	1,440,538	99.8798	2,296	1,442,834	99.8484	1,734	0.1200
2001-02	1,544,254	1,540,389	99.8618	1,694	1,542,083	99.8594	2,131	0.1380
2002-03	2,410,152	2,404,441	99.8513	642	2,405,083	99.7897	3,580	0.1485
2003-04	2,544,162	2,539,672	99.8513	2,076	2,541,748	99.9051	2,359	0.0927

NOTE: THE COUNTY DELINQUENT TAX REVOLVING FUND REIMBURSES THE TOWNSHIP 100 PERCENT OF DELINQUENT ASSESSMENTS AND REAL TAXES.

Table 5

BEDFORD TOWNSHIP
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)
LAST TEN YEARS

<u>Fiscal Year</u>	<u>Real Property</u>		<u>Personal Property</u>		<u>Abated Property</u>		<u>Total</u>	<u>Percentage Assessed to Full Value</u>
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	
1994-95	\$ 381,945,100	\$ 787,593,034	\$ 19,814,100	\$ 39,628,200	\$ 7,257,350	\$ 14,514,700	\$ 409,016,550	48.59 %
1995-96	436,711,412	854,069,092	21,283,972	42,567,914	6,416,662	12,833,325	464,412,046	51.06
1996-97	447,905,521	951,899,290	26,070,882	52,141,764	6,596,125	13,192,250	480,572,528	47.24
1997-98	528,006,161	1,055,937,302	25,415,747	50,831,494	9,958,573	19,917,146	563,380,481	50.00
1998-99	610,497,430	1,221,894,860	26,535,030	53,070,060	11,968,950	23,397,900	649,181,410	50.00
1999-00	672,594,402	1,345,188,804	31,061,980	62,123,960	11,663,200	23,326,400	715,319,582	50.00
2000-01	743,023,273	1,486,046,546	29,832,174	59,664,348	11,542,850	23,085,700	784,398,297	50.00
2001-02	823,398,084	1,646,796,168	30,618,994	61,237,988	12,495,800	24,991,600	866,512,878	50.00
2002-03	904,278,947	1,808,557,894	40,257,510	80,515,020	12,176,350	24,352,700	956,712,807	50.00
2003-04	972,589,082	1,945,178,164	39,085,980	78,171,960	8,231,515	16,463,030	1,019,906,577	50.00

(1) REAL AND PERSONAL PROPERTY

Table 6

**BEDFORD TOWNSHIP
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Bedford Township

County of Monroe

Bedford Schools

<u>Fiscal Year</u>	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total Millage</u>	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total Millage</u>	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total Millage</u>	<u>Other Millage</u>	<u>Total Millage</u>
1994-95	1.6804	0.7600	2.4404	8.1035	0.1700	8.2735	24.0000	0.4100	24.4100	3.8189	38.9428
1995-96	1.6783	0.4100	2.0883	8.0335	0.1600	8.1935	24.0000	0.6200	24.6200	3.8189	38.7207
1996-97	1.7424	0.4000	2.1424	8.0335	0.1600	8.1935	23.9658	0.6000	24.5658	3.8189	38.7206
1997-98	1.8698	0.3200	2.1898	8.0335	0.1600	8.1935	23.9658	0.5800	24.5458	3.8189	39.7480
1998-99	1.7848	0.3142	2.0990	8.0335	0.1600	8.1935	23.8041	2.6700	26.4741	3.8189	40.5855
1999-00	1.9124	0.2985	2.2109	8.0205	0.1600	8.1805	24.0000	2.6000	26.6000	4.8011	41.7925
2000-01	1.9167	0.2725	2.1892	8.3408	0.1600	8.5008	24.0000	2.5400	26.5400	4.8010	42.0310
2001-02	1.8932	0.2611	2.1543	5.6544	0.1600	5.8144	24.0000	2.4600	26.4600	0.4884	34.9171
2002-03	2.8597	0.1795	3.0392	5.6464	0.1600	5.8064	23.5410	2.3200	25.8610	0.4877	35.1943
2003-04	2.8166	0.1776	2.9942	5.6044	0.1000	5.7044	23.0000	2.1600	25.1600	7.4325	41.2911

Table 7

**BEDFORD TOWNSHIP
SPECIAL ASSESSMENT BILLINGS AND COLLECTION
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Special Assessments</u>	<u>Special Assessments Collected</u>	<u>Total Uncollected Special Assessments</u>
1994-95	\$ 305,616	\$ 305,616	\$ -
1995-96	332,425	332,425	-
1996-97	383,051	383,051	-
1997-98	477,938	469,138	8,800
1998-99	457,823	457,823	-
1999-00	478,416	478,416	-
2000-01	473,711	473,711	-
2001-02	482,317	482,317	-
2002-03	728,079	728,079	-
2003-04	\$ 655,545	655,545	-

Table 8

NOTE: THE COUNTY DELINQUENT TAX REVOLVING FUND
REIMBURSES THE TOWNSHIP ALL DELINQUENT
ASSESSMENTS WITH EXCEPTION OF DEMOLITIONS.

BEDFORD TOWNSHIP
RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value (1)</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>	<u>Bonded Debt Service Millage</u>
1994-95	25,285+	\$ 409,016,550	\$ 790,000	\$ 20,384	\$ 769,616	0.19 %	\$ 30.44	0.76
1995-96	25,893+	464,412,046	645,000	19,573	625,427	0.13	24.15	0.41
1996-97	26,783+	480,572,528	495,000	17,907	477,093	0.10	17.81	0.40
1997-98	27,489+	563,380,481	340,000	15,440	324,560	0.05	11.81	0.32
1998-99	28,841+	649,281,410	180,000	11,231	168,769	0.03	5.85	0.13
1999-00	28,606*	715,319,582	120,000	6,951	113,049	0.02	3.89	0.11
2000-01	29,180*	784,398,297	60,000	2,869	57,131	0.01	1.96	0.10
2001-02	30,184+	866,512,878	-	-	-	-	-	-
2002-03	30,769+	956,712,807	-	-	-	-	-	-
2003-04	30,769+	1,019,906,577	3,705,000	-	3,705,000	0.36	120.41	-

* BUREAU OF CENSUS
+ TOWNSHIP ESTIMATES
(1) FROM TABLE 4
(2) EXCLUDES COUNTY BONDS ON BEHALF OF TOWNSHIP

Table 9

**BEDFORD TOWNSHIP
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2004**

TOTAL ASSESSED VALUE	\$ 1,019,906.577
LEGAL DEBT MARGIN:	
DEBT LIMITATION 5% OF	
ASSESSED VALUE	\$ 50,995,329
DEBT APPLICABLE TO LIMITATION:	
TOTAL BONDED DEBT	\$ 10,345,000
LESS:	
AMOUNT AVAILABLE FOR REPAYMENT	
OF GENERAL OBLIGATION DEBT	1,804,024
TOTAL DEBT APPLICABLE TO LIMITATION	8,540,976
LEGAL DEBT MARGIN	\$ 42,454,353

Table 10

BEDFORD TOWNSHIP
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION(1)
JUNE 30, 2004

<u>Jurisdiction</u>	<u>Net Bonded Debt Outstanding</u>	<u>Percentage Applicable to Bedford</u>	<u>Amount Applicable to Bedford</u>
<i>Direct:</i>			
Bedford Township	\$ 10,345,000	100.00 %	\$ 10,345,000
<i>Overlapping:</i>			
Bedford Schools	14,875,220	100.00	14,875,220
Monroe County	8,575,000	20.00	1,715,000
Total Overlapping Debt	23,450,220		16,590,220
Total Direct and Overlapping Debt	\$ 33,795,220		\$ 26,935,220

(1) INCLUDES COUNTY BONDS ISSUED ON BEHALF OF THE TOWNSHIP AND LIMITED TAX OBLIGATION BONDS

Table 11

BEDFORD TOWNSHIP
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT (1)
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest (3)</u>	<u>Debt Service</u>	<u>Total General Governmental Expenditures (2)</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>	<u>%</u>
1994-95	\$ 405,134	\$ 185,640	\$ 590,774	3,551,338		16.64
1995-96	404,110	162,414	566,524	4,768,286		11.88
1996-97	299,110	143,336	442,446	3,402,772		13.00
1997-98	179,110	129,543	308,653	3,560,968		8.67
1998-99	209,110	119,472	328,582	3,662,748		8.97
1999-00	313,022	171,066	484,055	1,165,426		41.53
2000-01	318,816	166,045	484,861	1,157,016		41.91
2001-02	259,276	92,735	352,011	1,235,177		28.50
2002-03	269,561	130,567	400,128	1,345,030		29.74
2003-04	698,311	228,606	926,917	1,946,465		47.62

- (1) INCLUDES COUNTY BONDS ISSUED ON BEHALF OF THE TOWNSHIP AND LIMITED TAX OBLIGATION BONDS
(2) INCLUDES GENERAL, SPECIAL REVENUE, DEBT SERVICE, CAPITAL PROJECTS, EXPENDABLE TRUST FUNDS AND COMPONENT UNITS
(3) INCLUDES FISCAL CHARGES

Table 12

**BEDFORD TOWNSHIP
PROPERTY VALUE AND CONSTRUCTION
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Real Property</u>		<u>Commercial Construction</u>		<u>Residential Construction</u>	
	<u>Total Commercial/ Residential</u>	<u>Number of Units</u>	<u>Value</u>	<u>Number of Units</u>	<u>Value</u>	<u>Value</u>
1994-95	\$ 787,593,034	12	\$ 3,575,502	230	\$ 27,699,543	
1995-96	854,069,092	11	12,319,661	212	25,546,841	
1996-97	951,899,290	11	6,513,106	217	25,589,187	
1997-98	1,056,937,302	21	12,599,465	252	31,814,062	
1998-99	1,221,894,860	13	4,387,784	263	31,824,527	
1999-00	1,345,188,804	14	4,497,911	221	25,465,702	
2000-01	1,486,046,546	26	14,904,178	232	29,201,358	
2001-02	1,646,796,168	20	14,614,125	232	29,451,471	
2002-03	1,808,557,894	6	1,987,000	175	26,960,352	
2003-04	1,945,178,164	9	8,860,000	218	35,877,664	

Table 13

**BEDFORD TOWNSHIP
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population</u>	<u>School Enrollment(1)</u>	<u>Unemployment Rate(2)</u>	<u>Median Household Income(3)</u>	<u>Median Age(3)</u>	<u>Education Level in Years of Formal Schooling(3)</u>
1994-95	25,146+	5,176	4.9	\$ 56,884	34.9	12.9
1995-96	25,698+	5,363	3.7	57,375	35.2	13.0
1996-97	26,506+	5,537	3.2	57,866	35.4	13.1
1997-98	27,147+	5,454	2.8	58,357	35.7	13.1
1998-99	28,374+	5,465	2.9	58,848	35.9	13.2
1999-00	28,606*	5,455	2.7	59,339	36.2	13.2
2000-01	29,180+	5,281	3.5	59,830	36.4	13.3
2001-02	30,184+	5,281	4.4	60,321	36.7	13.4
2002-03	30,769+	5,308	5.9	60,812	36.9	13.4
2003-04	30,703+	5,415	5.5	61,303	37.0	13.5

* BUREAU OF CENSUS + TOWNSHIP ESTIMATES

(1)BEDFORD SCHOOL DISTRICT

(2)MICHIGAN DEPARTMENT OF CAREER DEVELOPMENT

(3)SOUTHEAST MICHIGAN COUNCIL OF GOVERNMENTS

Table 14

**BEDFORD TOWNSHIP
PRINCIPAL TAXPAYERS
JUNE 30, 2004**

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>ASSESSED VALUATION</u>	<u>PERCENT OF TOTAL ASSESSED VALUATION</u>
MICHELIN TIRE CORP.	WAREHOUSE	\$ 10,272,431	1.007 %
CONSUMERS ENERGY CO.	PUBLIC UTILITY	7,445,049	0.730
HEIDTMAN STEEL	FABRICATION	4,731,728	0.464
KROGER COMPANY	GROCERY	4,028,426	0.395
BUCKEYE CABLE SYSTEM	CABLE SERVICE	3,445,550	0.338
FISCHER INDUSTRIES	TOOL & DIE	3,431,239	0.336
KNUTH LTD OHIO LLC	HOUSING	3,339,540	0.327
SPARTAN FOODTOWN	GROCERY	3,035,035	0.298
MICHIGAN TUBE SWAGGERS	MANUFACTURING	2,708,650	0.266
MARATHON PIPELINE	TANK FARM	2,641,358	0.259
INVERNESS	MOBILE HOME PARK	2,512,861	0.246
L & P ACQUISITIONS	FABRICATION	2,475,785	0.243
AUTOMATIC HANDLING	CONVEYOR SYSTEMS	2,372,355	0.233
MICHIGAN GAS	PUBLIC UTILITY	2,303,716	0.226
ROLLED ALLOYS	FABRICATION	2,161,906	0.212
ORT TOOL & DIE	TOOL & DIE	1,991,382	0.195
NORTHTOWNE MEADOWS	MOBILE HOME PARK	1,946,901	0.191
UNIQUE TOOL & DIE	TOOL & DIE	1,544,933	0.151
EAGLESTONE	RETIREE HOUSING	1,528,016	0.150
SUNRISE WINDOWS	MANUFACTURING	1,526,000	0.150
TOTAL TAXABLE ASSESSED VALUE OF PRINCIPAL TAXPAYERS		65,442,861	6.417
TOTAL TAXABLE ASSESSED VALUE OF ALL OTHER TAXPAYERS		954,463,716	93.583
TOTAL TAXABLE ASSESSED VALUE OF ALL TAXPAYERS		\$ 1,019,906,577	100.000 %

Table 15

BEDFORD TOWNSHIP
MISCELLANEOUS STATISTICAL DATA
JUNE 30, 2004

DATE OF INCORPORATION	1835	MILES OF STREETS:		FACILITIES NOT INCLUDED IN THE	
FORM OF GOVERNMENT:		STATE TRUNKLINE	3	REPORTING ENTITY:	
GENERAL LAW TOWNSHIP		COUNTY/PRIMARY	48		
		LOCAL	120	EDUCATION:	
AREA - SQUARE MILES	39	NUMBER OF STREET LIGHTS	1,042	ELEMENTARY SCHOOLS	5
NUMBER OF EMPLOYEES				JUNIOR HIGH	1
(EXCLUDING FIRE)	35	FIRE PROTECTION:		SENIOR HIGH	1
		NUMBER OF STATIONS	2		
POPULATION		NUMBER OF PERSONNEL	65		
1980 (CENSUS)	22,902	NUMBER OF CALLS ANSWERED	1,740		
1990 (CENSUS)	23,748	NUMBER OF VEHICLES	14		
2000 (CENSUS)	28,606				
HOUSING UNITS	11,480	WATER SYSTEMS:			
		NO. OF SERVICE CONNECTIONS	7,277		
		NO. OF FIRE HYDRANTS	1,300		
FACILITIES AND SERVICES:					
		SEWER SYSTEMS:			
		MILES OF SANITARY SEWER	200		
CULTURAL AND RECREATION:		NUMBER OF TREATMENT PLANTS	1		
PARKS	21	DAILY AVERAGE TREATMENT	3		
PARKS ACREAGE	106.54	NO. OF SERVICE CONNECTIONS	7,752		
TENNIS COURTS	7				

Table 16



McGuire & Cavan
Certified Public Accountants

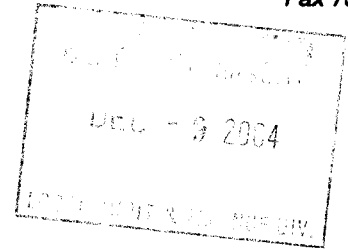
L. Donavon McGuire, CPA
734-652-4040
Maureen A. Cavan, CPA
248-390-5320

6588 Secor Road
Lambertville, MI 48144
Tel 734-854-5044
Fax 734-854-2540

November 11, 2004

Bedford Township Board
Temperance, MI

Dear Board Members,



Our audit of the financial statements of Bedford Township for the year ended June 30, 2004, was made in accordance with the generally accepted auditing standards which require that we determine that existing internal controls, accounting procedures and accounting records are adequate to allow us to express an opinion on the financial statements of the Township. The scope of our audit is not intended to be a detailed review of all systems and procedures; therefore, this report should not be considered all inclusive.

We have the following comments:

Excess Expenditures – The Township had two expenditures in excess of adjusted budget amounts. All expenditures should be within the amount appropriated.

Capital Budget - The Township should prepare a five year capital budget in order to better plan for the timing of capital improvements and expenditures. The budget would also include proposed sources of revenue to fund these expenditures.

We would like to take this opportunity to thank both the Board Officials and the employees who provided assistance to us during our audit. If you have any questions regarding any of the suggestions noted above or would like assistance in their implementation, please contact me.

Sincerely,

L. Donavon McGuire, CPA
McGuire & Cavan
Certified Public Accountants